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Rules and Regulations

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER A—INCOME TAX

[T.D. 6610]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Insurance Companies

On May 12, 1961, notice of proposed rule making regarding amendment of the Income Tax Regulations under sections 821, 822, 823, 832, and 843 of the Internal Revenue Code of 1954 to conform to the Life Insurance Company Tax Act for 1955 (70 Stat. 47, 48) and under sections 801, 809, 841, 842, 891, 1016, and 1201 of the Internal Revenue Code of 1954 to conform to the Life Insurance Company Income Tax Act of 1959 (73 Stat. 112, 121, 139, 140), relating to insurance companies, was published in the FEDERAL REGISTER (26 F.R. 4102). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the regulations as proposed are hereby adopted, subject to the changes set forth below. The amendments adopted by this Treasury decision do not include the amendment of paragraph (c)(2)(ii) of § 1.822–5, relating to deduction of investment expenses from gross income, set forth in paragraph 7 of the notice of proposed rule making. Further consideration is being given to the rules contained therein and revised rules will be republished in a subsequent notice of proposed rule making. In addition, there is contained herein an amendment of the Income Tax Regulations under section 11 of the Internal Revenue Code of 1954 to conform to the Tax Rate Extension Act of 1962 (76 Stat. 114).

PARAGRAPH 1. Section 1.801–7, as set forth in paragraph 1 of the notice of proposed rule making, is changed by revising paragraph (a)(1), paragraph (b)(2)(ii), paragraph (b)(3)(ii), and paragraph (c)(1)(ii).

PAR. 2. Paragraph (a)(1)(i) of § 1.809–4, as set forth in paragraph 2 of the notice of proposed rule making, is revised.

PAR. 3. Section 1.821, as set forth in paragraph 4 of the notice of proposed rule making, is changed by revising section 821(a)(1)(A), section 821(b)(1)(A) and (B), and the historical note.

PAR. 4. Section 1.821–3, as set forth in paragraph 5 of the notice of proposed rule making, is changed by revising subparagraphs (1), (3), and (4) of paragraph (b) and example (5) of paragraph (c).

PAR. 5. Paragraph (c)(2)(ii) of § 1.822–5, as set forth in paragraph 7 of the notice of proposed rule making, is revised.

PAR. 6. New paragraphs 19 through 26 are included in this Treasury decision.

[SEAL] MORTIMER M. CAPLIN,
Commissioner of Internal Revenue.

Approved: August 27, 1962.

STANLEY S. SURREY,
Assistant Secretary of the Treasury.

In order to conform the Income Tax Regulations (26 CFR Part 1) under sections 821, 822, 823, 832, and 843 of the Internal Revenue Code of 1954 to the Life Insurance Company Tax Act for 1955 (70 Stat. 47, 48) and under sections 801, 809, 841, 842, 891, 1016, and 1201 of the Internal Revenue Code of 1954 to the Life Insurance Company Income Tax Act of 1959 (73 Stat. 112, 121, 139, 140), such regulations are amended. The amendments adopted by this Treasury decision do not include the amendment of paragraph (c)(2)(ii) of § 1.822–5, relating to deduction of investment expenses from gross income. In addition, there is contained herein an amendment of the Income Tax Regulations under section 11 of the Internal Revenue Code of 1954 to conform to the Tax Rate Extension Act of 1962 (76 Stat. 114).

PARAGRAPH 1. Section 1.801–7 is amended to read as follows:

§ 1.801–7 Variable annuities.

(a) *In general.* (1) Section 801(g)(1) provides that for purposes of part I, subchapter L, chapter 1 of the Code, an annuity contract includes a contract which provides for the payment of a variable annuity computed on the basis of recognized mortality tables and the investment experience of the company issuing such a contract. A variable annuity differs from the ordinary or fixed dollar annuity in that the annuity benefits payable under a variable annuity contract vary with the insurance company's investment experience with respect to such contracts while the annuity benefits paid under a fixed dollar annuity contract are guaranteed irrespective of the company's actual investment earnings.

(2) The reserves held with respect to the annuity contracts described in section 801(g)(1) and subparagraph (1) of this paragraph shall qualify as life insurance reserves within the meaning of section 801(b)(1) and paragraph (a) of §1.801–4 provided such reserves are required by law (as defined in paragraph (b) of §1.801–5) and are set aside to mature or liquidate, either by payment or reinsurance, future unaccrued claims arising from such contracts involving, at the time with respect to which the reserve is computed, life, health, or accident contingencies. Accordingly, a company issuing variable annuity contracts shall qualify as a life insurance company for Federal income tax purposes if it satisfies the requirements of section 801(a) (relating to the definition of a life insurance company) and paragraph (b) of §1.801–3.

(b) *Special rules for variable annuities*—(1) *Adjusted reserves rate; assumed rate.* The adjusted reserves rate for any taxable year with respect to the annuity contracts described in section 801(g)(1) and paragraph (a)(1) of this section, and the rate of interest assumed by the taxpayer for any taxable year in calculating the reserve on any such contract, shall be a rate equal to the current earnings rate determined under section 801(g)(3) and subparagraph (2) of this paragraph. However, any change in the rate of interest assumed by the taxpayer in calculating the reserve on a variable annuity contract for any taxable year which is attributable to an increase or decrease in the current earnings rate, shall not be treated as a change of basis in computing reserves for purposes of section 806(b) (relating to certain changes in reserves) or section 810(d)(1) (relating to adjustment for change in computing reserves).

(2) *Current earnings rate.* (i) The current earnings rate for any taxable year with respect to the annuity contracts described in section 801(g)(1) and paragraph (a)(1) of this section shall be the current earnings rate determined under section 805(b)(2) and paragraph (a)(2) of § 1.805–5 with respect to such contracts, reduced by the percentage obtained by dividing (*a*) the amount of the actuarial margin charge on, all such variable annuity contracts issued by the taxpayer, by (*b*) the mean of the reserves for such contracts.

(ii) For purposes of section 801(g)(3) and subdivision (i) of this subparagraph, the term "actuarial margin charge" means any amount retained by the company from gross investment income pursuant to the terms of the variable annuity contract in excess of any portion of the investment expenses which is attributable to such contract and which is deductible under section 804(c) and paragraph (b) of § 1.804–4.

(3) *Increases and decreases in reserves.* (i) Section 801(g)(4) provides that for purposes of section 810 (a) and (b) (relating to adjustments for increases or decreases in certain reserves), the sum of the items described in section 810(c) and paragraph (b) of § 1.810–2 taken into account as of the close of the taxable year shall be adjusted—

(*a*) By subtracting therefrom the sum of any amounts added from time to time (for the taxable year) to the reserves for variable annuity contracts described in section 801(g)(1) and paragraph (a)(1) of this section by reason of realized or unrealized appreciation in the value of the assets held in relation thereto, and

(*b*) By adding thereto the sum of any amounts subtracted from time to time

(for the taxable year) from such reserves by reason of realized or unrealized depreciation in the value of such assets.

(ii) The application of section 801(g)(4) and subdivision (i) of this subparagraph may be illustrated by the following example:

Example. Company M, a life insurance company issuing only variable annuity contracts of the type described in section 801(g)(1) and paragraph (a)(1) of this section, increased its life insurance reserves held with respect to such contracts during the taxable year 1959 by $275,000. Of the total increase in the reserves, $100,000 was attributable to premium receipts, $50,000 to dividends and interest, $100,000 to unrealized appreciation in the value of the assets held in relation to such reserves, and $25,000 to realized capital gains on the sale of such assets. As of the close of the taxable year 1959, the reserves held by company M with respect to all variable annuity contracts amounted to $1,275,000. However, under section 801(g)(4) and subdivision (i) of this subparagraph, this amount must be reduced by the $100,000 unrealized asset value appreciation and the $25,000 of realized capital gains. Accordingly, for purposes of section 810 (a) and (b), the amount of these reserves which is to be taken into account as of the close of the taxable year 1959 under section 810(c) is $1,150,000 ($1,275,000 less $125,000).

(c) *Companies issuing variable annuities and other contracts.* (1) In the case of a life insurance company which issues both annuity contracts described in section 801(g)(1) and paragraph (a)(1) of this section and other contracts, the policy and other contract liability requirements (as defined in section 805(a) and paragraph (b) of § 1.805–4) of such a company for any taxable year shall be considered to be the sum of—

(i) The policy and other contract liability requirements computed with respect to the items which relate to such variable annuity contracts, and

(ii) The policy and other contract liability requirements computed by excluding the items taken into account under subdivision (i) of this subparagraph.

(2) [Reserved for regulations to be issued under section 801(g)(5)(B).]

(d) *Termination.* Paragraphs (1), (2), (3), (4), and (5) of section 801(g) and paragraphs (a), (b), (c), and (d) of § 1.801–7 shall not apply with respect to any taxable year beginning after December 31, 1962.

PAR. 2. Paragraph (a)(1)(i) of § 1.809–4 is amended to read as follows:

§ 1.809–4 Gross amount.

(a) *Items taken into account.* * * *

(1) *Premiums.* (i) The gross amount of all premiums and other consideration on insurance and annuity contracts (including contracts supplementary thereto); less return premiums and premiums and other consideration arising out of reinsurance ceded. The term "gross amount of all premiums" means the premiums and other consideration provided in the insurance or annuity contract. Thus, the amount to be taken into account shall be the total of the premiums and other consideration provided in the insurance or annuity contract without any deduction for commissions, return premiums, reinsurance, dividends to policyholders, dividends left on deposit with the company, discounts on premiums paid in advance, interest applied in reduction of premiums (whether or not required to be credited in reduction of premiums under the terms of the contract), or any other item of similar nature. Such term includes advance premiums, premiums deferred and uncollected and premiums due and unpaid, deposits, fees, assessments, and consideration in respect of assuming liabilities under contracts not issued by the taxpayer (such as a payment or transfer of property in an assumption reinsurance transaction as defined in paragraph (a)(7)(ii) of § 1.809–5). The term also includes amounts a life insurance company charges itself representing premiums with respect to liability for insurance and annuity benefits for its employees (including full-time life insurance salesmen within the meaning of section 7701(a)(20)).

PAR. 3. Paragraph (a)(12) of § 1.809–5 is amended to read as follows:

§ 1.809–5 Deductions.

(a) *Deductions allowed.* * * *

(12) *Other deductions.* Except as modified by section 809(e) and § 1.809–6, all other deductions allowed under subtitle A of the Code for purposes of computing taxable income to the extent not allowed as a deduction in computing investment yield. For example, a life insurance company shall be allowed a deduction under section 809(d)(12) and this subparagraph for amounts representing premiums charged itself with respect to liability for insurance and annuity benefits for its employees (including full-time life insurance salesmen within the meaning of section 7701(a)(20)) in accordance with the rules prescribed in sections 162 and 404 and the regulations thereunder, to the extent that a deduction for such amounts is not allowed under section 804(c)(1) and paragraph (b)(1) of § 1.804–4 or section 809(d)(9) and subparagraph (9) of this paragraph.

PAR. 4. Section 1.821 is amended by revising subdivision (i) of subsection (a)(1)(A), by adding subdivision (ii) of subsection (a)(1)(A), by revising paragraph (2) of subsection (a), by revising subparagraph (A) of subsection (b)(1), by revising subsection (c), and by adding a historical note. These amended and added provisions and added historical note read as follows:

§ 1.821 Statutory provisions; tax on mutual insurance companies (other than life or marine or fire insurance companies issuing perpetual policies).

SEC. 821. *Tax on mutual insurance companies (other than life or marine or fire insurance companies issuing perpetual policies)*—(a) *Imposition of tax on mutual companies other than interinsurers.* * * *

(1) * * *

(A) *Normal tax*—(i) *Taxable years beginning before July 1, 1963.* In the case of taxable years beginning before July 1, 1963, a normal tax of 30 percent of the mutual insurance company taxable income, or 60 percent of the amount by which such taxable income exceeds $3,000, whichever is the lesser;

(ii) *Taxable years beginning after June 30, 1963.* In the case of taxable years beginning after June 30, 1963, a normal tax of 25 percent of the mutual insurance company taxable income, or 50 percent of the amount by which such taxable income exceeds $3,000, whichever is the lesser; plus

* * * * *

(2) If for the taxable year the gross amount of income from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums, minus dividends to policyholders, minus the interest which under section 103 is excluded from gross income, exceeds $75,000, a tax equal to 1 percent of the amount so computed, or 2 percent of the excess of the amount so computed over $75,000, whichever is the lesser.

(b) *Imposition of tax on interinsurers:* * * *

(1) *Normal tax*—(A) *Taxable years beginning before July 1, 1963.* In the case of taxable years beginning before July 1, 1963, a normal tax of 30 percent of the mutual insurance company taxable income, or 60 percent of the amount by which such taxable income exceeds $50,000, whichever is the lesser;

(B) *Taxable years beginning after June 30, 1963.* In the case of a taxable year beginning after June 30, 1963, a normal tax of 25 percent of the mutual insurance company taxable income, or 50 percent of the amount by which such taxable income exceeds $50,000, whichever is the lesser; plus

* * * * *

(c) *Gross amount received, over $75,000 but less than $125,000.* If the gross amount received during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and premiums (including deposits and assessments) is over $75,000 but less than $125,000, the tax imposed by subsection (a) or subsection (b), whichever applies, shall be reduced to an amount which bears the same proportion to the amount of the tax determined under such subsection as the excess over $75,000 of such gross amount received bears to $50,000.

* * * * *

[Sec. 821 as amended by sec. 2, Tax Rate Extension Act 1955 (69 Stat. 14); sec. 3(a)(1) and (2), Life Insurance Company Tax Act 1955 (70 Stat. 47); sec. 2, Tax Rate Extension Act 1956 (70 Stat. 66); sec. 2, Tax Rate Extension Act 1957 (71 Stat. 9); sec. 2, Tax Rate Extension Act 1958 (72 Stat. 259); sec. 2, Tax Rate Extension Act 1959 (73 Stat. 157); sec. 201, Public Debt and Tax Rate Extension Act 1960 (74 Stat. 290); sec. 2, Tax Rate Extension Act 1961 (75 Stat. 193); sec. 2, Tax Rate Extension Act 1962 (76 Stat. 114)]

PAR. 5. There are inserted immediately after § 1.821–1 the following new sections:

§ 1.821–2 Taxable years affected.

Section 1.821–1 is applicable only to taxable years beginning after December 31, 1953, but before January 1, 1955, and ending after August 16, 1954, and all references to sections of part II, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, before amendments. Section 1.821–3 is applicable only to taxable years beginning after December 31, 1954, and all references to sections of part II, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, as amended by the Life Insurance Company Tax Act for 1955 (70 Stat. 36).

§ 1.821–3 Tax on mutual insurance companies other than life or marine or fire insurance companies subject to the tax imposed by section 831.

(a) *In general.* (1) For taxable years beginning after December 31, 1954, all mutual insurance companies, including foreign insurance companies carrying on an insurance business within the United States, not taxable under section 802 or 831 and not specifically exempt under the provisions of section 501(c)(15), are subject to the tax imposed by section 821 on their investment income or on their gross income, whichever tax is the greater, except interinsurers and reciprocal underwriters which are taxed only on their investment income. For the alternative tax, in lieu of the tax imposed by section 821 (a) or (b), where the net long-term capital gain for any taxable year exceeds the net short-term capital loss, see section 1201(a) and the regulations thereunder.

(2) The taxable income of mutual insurance companies subject to the tax imposed by section 821 differs from the taxable income of other corporations. See section 821(a)(2) and section 822. Such companies are entitled, in computing mutual insurance company taxable income, to the deductions provided in part VIII (section 241 and following, except section 248), subchapter B, chapter 1 of the Code. The gross amount of income during the taxable year from interest, the deduction under section 822 (c)(1) for wholly tax-exempt interest, and the deduction under section 242 for partially tax-exempt interest, are decreased by the appropriate amortization of premium and increased by the appropriate accrual of discount attributable to the taxable year on bonds, notes, debentures or other evidences of indebtedness held by a mutual insurance company subject to the tax imposed by section 821. See section 822(d)(2) and § 1.822–7. However, for taxable years beginning after May 31, 1960, only the accrual of discount relating to issue discount will increase the deduction for wholly tax-exempt interest. See section 103. In the case of any such evidence of indebtedness, adjustment shall be made to basis in the same manner as that made by life insurance companies under section 1016(a)(17) and the regulations thereunder.

(3) All provisions of the Internal Revenue Code and of the regulations in this part not inconsistent with the specific provisions of section 821 are applicable to the assessment and collection of the tax imposed by section 821(a) or (b) and mutual insurance companies subject to the tax imposed by section 821 are subject to the same penalties as are provided in the case of returns and payment of income tax by other corporations. The return shall be on Form 1120M.

(4) Foreign mutual insurance companies not carrying on an insurance business within the United States are not taxable under section 821 (a) or (b), but are taxable as other foreign corporations. See section 881.

(5) Mutual insurance companies subject to the tax imposed by section 821, except interinsurers or reciprocal underwriters, with mutual insurance company taxable income (computed without regard to the deduction provided in section 242 for partially tax-exempt interest) of over $3,000 or with gross amounts of income during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums (minus dividends to policyholders and wholly tax-exempt interest) in excess of $75,000, are subject to a tax computed under section 821(a)(1) or section 821(a)(2) whichever is the greater. Interinsurers and reciprocal underwriters with mutual insurance company taxable income (computed without regard to the deduction provided in section 242 for partially tax-exempt interest) of over $50,000 are subject to a tax computed under section 821(b).

(b) *Rates of tax.* (1) For taxable years beginning before July 1, 1963, the normal tax under section 821(a)(1)(A) and 821(b)(1), except as hereinafter indicated, is computed upon mutual insurance company taxable income for purposes of the normal tax at the rate of 30 percent.

(2) The surtax under section 821(a)(1)(B) and 821(b)(2), except as hereinafter indicated, is computed on that portion of the mutual insurance company taxable income for the purposes of the surtax in excess of $25,000 at the rate of 22 percent. The tax under section 821(a)(2), except as hereinafter indicated, is 1 percent of the gross amount of income during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums, minus dividends to policyholders and minus wholly tax-exempt interest.

(3) For taxable years beginning before July 1, 1963, under section 821(a)(1)(A) companies with mutual insurance company taxable income for purposes of the normal tax of over $3,000 and not over $6,000 pay a normal tax, at a specified rate, on that portion of such income in excess of $3,000. The rate applicable in computing the normal tax of such companies is 60 percent. Under section 821(a)(2) companies with gross amounts of income during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums, minus dividends to policyholders and minus wholly tax-exempt interest, of over $75,000 and not over $150,000 pay a tax equal to 2 percent of that portion in excess of $75,000.

(4) For taxable years beginning before July 1, 1963, under section 821(b)(1) interinsurers and reciprocal underwriters with mutual insurance company taxable income for purposes of the normal tax of over $50,000 and not over $100,000 pay a normal tax computed on that portion of such income in excess of $50,000 at the rate of 60 percent. Under section 821(b)(2) interinsurers and reciprocal underwriters with mutual insurance company taxable income for purposes of the surtax of over $50,000 and not over $100,000 pay a surtax, at the rate of 33 percent, on that portion of such income in excess of $50,000.

(5) Section 821(c) provides for an adjustment of the amount computed under section 821(a)(1), section 821(a)(2), and section 821(b) where the gross amount received during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and premiums (including deposits and assessments) is over $75,000 and less than $125,000. The adjustment reduces the tax otherwise computed under those sections to an amount which bears the same proportion to such tax as the excess over $75,000 bears to $50,000.

(c) *Application.* The application of section 821 (a) to (c) inclusive, may be illustrated by the following examples:

Example (1). The W Company, a mutual casualty insurance company, for the calendar year 1958, has mutual insurance company taxable income for purposes of the surtax of $5,500 and, due to partially tax-exempt interest of $800, has income for purposes of the normal tax of $4,700. The gross amount of income of the W Company from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums, minus dividends to policyholders and wholly tax-exempt interest, is $150,000. Its normal tax under section 821(a)(1) for the calendar year 1958 is 60 percent of $1,700 ($4,700 minus $3,000) or $1,020, since its income subject to normal tax is not over $6,000. It is not liable for surtax for the calendar year 1958 as its mutual insurance company taxable income for purposes of the surtax does not exceed $25,000. It has no surtax and, therefore, its total tax under section 821(a)(1)(A) is the normal tax of $1,020. The tax under section 821(a)(2) is 2 percent of $75,000 ($150,000—$75,000), or $1,500. Since the tax under section 821(a)(2) exceeds the tax under section 821(a)(1), the tax under section 821 is $1,500, namely, that imposed by section 821(a)(2).

Example (2). If in the above example the income for purposes of the normal tax were not over $3,000, the income for purposes of the surtax were not over $25,000, the gross amount received from interest, dividends, rents, and premiums (including deposits and assessments) were $90,000, and the gross amount of income from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums, minus dividends to policyholders and wholly tax-exempt interest, were $70,000, the W Company would be required to file an income tax return but due to section 821(a) no income tax would be imposed.

Example (3). The X Company, a mutual casualty insurance company, for the calendar year 1958, has mutual insurance company taxable income for surtax purposes of $28,000 and, due to partially tax-exempt interest of $5,000, has income for normal tax purposes of $23,000. The gross amount of income of the X Company received during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums, minus dividends to policyholders and wholly tax-exempt interest, is $1,200,000. Under section 821(a)(1) its normal tax for the calendar year 1958 is 30 percent of $23,000, or $6,900, and the surtax is 22 percent of $3,000 ($28,000—$25,000), or $660. The combined tax under section 821(a)(1) is $7,560 ($6,900 plus $660). The tax under section 821(a)(2) is 1 percent of $1,200,000, or $12,000. Since the tax under section 821(a)(2) exceeds the tax under section 821(a)(1), the tax under section 821 (a) is $12,000, namely, that imposed by section 821(a)(2).

Example (4). The Y Company, a mutual fire insurance company subject to the tax imposed by section 821 for the calendar year 1958, has mutual insurance company taxable

income for purposes of the surtax of $35,000 and, due to partially tax-exempt interest of $5,000, has income for purposes of the normal tax of $30,000. The gross amount received during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and premiums (including deposits and assessments) is $120,000, and the gross amount of income from interest, dividends, rents, and net premiums, minus dividends to policyholders and wholly tax-exempt interest, is $100,000. Under section 821(a)(1), without application of section 821(c), the normal tax would be 30 percent of $30,000, or $9,000, since this is less than $16,200, 60 percent of $27,000 (excess of $30,000 over $3,000); and the surtax would be 22 percent of $10,000 (excess of $35,000 over $25,000), or $2,200. The combined tax of $11,200 ($9,000 plus $2,200) would then be reduced by applying section 821(c), since the gross receipts are between $75,000 and $125,000. The tax under section 821(a)(1), as thus adjusted, would be 90 percent of $11,200, or $10,080, since $45,000 (excess of $120,000 over $75,000) is 90 percent of $50,000. Under section 821(a)(2), without reference to section 821(c), the tax is 2 percent of $25,000 (excess of $100,000 over $75,000), or $500, since this is less than $1,000, 1 percent of $100,000. Applying section 821(c) reduces this to $450, or 90 percent of $500. Since $10,080, the tax under section 821(a)(1), as adjusted, exceeds $450, the tax under section 821(a)(2), as adjusted, the tax under section 821(a)(1), as adjusted, is applicable. The Y Company would accordingly pay a combined normal tax and surtax of $10,080.

Example (5). The Z Exchange, an interinsurer, for the calendar year 1958 has mutual insurance company taxable income for purposes of the surtax of $60,000 and, due to partially tax-exempt interest of $12,000, has income for purposes of the normal tax of $48,000. The gross amount received during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof) and premiums (including deposits and assessments) is $2,700,000. The Z Exchange is not liable for normal tax under section 821(b)(1) for the calendar year 1958 as its mutual insurance company taxable income for purposes of the normal tax does not exceed $50,000. Its surtax is 33 percent of $10,000 ($60,000 minus $50,000), or $3,300, since that amount is less than $7,700, 22 percent of $35,000 (excess of $60,000 over $25,000). Since the Z Exchange has no normal tax, is not subject to the tax imposed by section 821(a)(2), and is not entitled to the adjustment provided in section 821(c), its total tax under section 821(b) is $3,300.

PAR. 6. Section 1.822 is amended by revising section 822(b), by revising paragraphs (3) and (6) of section 822(c), by adding paragraphs (8) and (9) to paragraph 822(c), by revising paragraph (1) of section 822(d), by revising section 822(e), and by adding a historical note. These amended and added provisions and added historical note read as follows:

§ 1.822 Statutory provisions; determination of mutual insurance company taxable income.

SEC. 822. *Determination of mutual insurance company taxable income*—(a) *Definition.* * * *

(b) *Gross investment income.* For purposes of subsection (a), the term "gross investment income" means the sum of the following:

(1) The gross amount of income during the taxable year from—

(A) Interest, dividends, rents, and royalties,

(B) The entering into of any lease, mortgage, or other instrument or agreement from which the insurance company derives interest, rents, or royalties,

(C) The alteration or termination of any instrument or agreement described in subparagraph (B), and

(D) Gains from sales or exchanges of capital assets to the extent provided in subchapter P (sec. 1201 and following, relating to capital gains and losses).

(2) The gross income during the taxable year from any trade or business (other than an insurance business) carried on by the insurance company, or by a partnership of which the insurance company is a partner. In computing gross income under this paragraph, there shall be excluded any item described in paragraph (1).

(c) *Deductions.* * * *

(3) *Real estate expenses.* Taxes (as provided in section 164), and other expenses, paid or accrued during the taxable year exclusively on or with respect to the real estate owned by the company. No deduction shall be allowed under this paragraph for any amount paid out for new buildings, or for permanent improvements or betterments made to increase the value of any property.

* * * * *

(6) *Capital losses.* Capital losses to the extent provided in subchapter P (sec. 1201 and following) plus losses from capital assets sold or exchanged in order to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. Capital assets shall be considered as sold or exchanged in order to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders to the extent that the gross receipts from their sale or exchange are not greater than the excess, if any, for the taxable year of the sum of dividends and similar distributions paid to policyholders, losses paid, and expenses paid over the sum of the items described in subsection (b) (other than paragraph (1)(D) thereof) and net premiums received. In the application of section 1212 for purposes of this section, the net capital loss for the taxable year shall be the amount by which losses for such year from sales or exchanges of capital assets exceeds the sum of the gains from such sales or exchanges and whichever of the following amounts is the lesser:

(A) The mutual insurance company taxable income (computed without regard to gains or losses from sales or exchanges of capital assets or to the deduction provided in section 242 for partially tax-exempt interest); or

(B) Losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders.

* * * * *

(8) *Trade or business deductions.* The deductions allowed by this subtitle (without regard to this part) which are attributable to any trade or business (other than an insurance business) carried on by the insurance company, or by a partnership of which the insurance company is a partner; except that for purposes of this paragraph—

(A) Any item, to the extent attributable to the carrying on of the insurance business, shall not be taken into account, and

(B) The deduction for net operating losses provided in section 172 shall not be allowed.

(9) *Depletion.* The deduction allowed by section 611 (relating to depletion).

(d) *Other applicable rules*—(1) *Rental value of real estate.* The deduction under subsection (c)(3) or (4) on account of any real estate owned and occupied in whole or in part by a mutual insurance company subject to the tax imposed by section 821 shall be limited to an amount which bears the same ratio to such deduction (computed without regard to this paragraph) as the rental value of the space not so occupied bears to the rental value of the entire property.

* * * * *

(e) *Foreign mutual insurance companies other than life or marine.* In the case of a foreign mutual insurance company (other than a life or marine insurance company or a fire insurance company subject to the tax imposed by section 831), the mutual insurance company taxable income shall be the taxable income from sources within the United States (computed without regard to the deductions allowed by subsection (c)(7)), and the gross amount of income from the items described in subsection (b) (other than paragraph (1)(D) thereof) and net premiums shall be the amount of such income from sources within the United States. In the case of a company to which the preceding sentence applies, the deductions allowed in this section shall be allowed to the extent provided in subpart B of part II of subchapter N (sec. 881 and following) in the case of a foreign corporation engaged in trade or business within the United States.

[Sec. 822 as amended by sec. 3(a)(3), (4), (5), (6), (7), and (8), Life Insurance Company Tax Act 1955 (70 Stat. 47)]

Par. 7. There are inserted immediately after §1.822–3 the following new sections:

§ 1.822–4 Taxable years affected.

Sections 1.822–1 through 1.822–3 are applicable only to taxable years beginning after December 31, 1953, but before January 1, 1955, and ending after August 16, 1954, and all references to sections of part II, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, before amendments. Sections 1.822–5 through 1.822–7 are applicable only to taxable years beginning after December 31, 1954, and all references to sections of part II, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, as amended by the Life Insurance Company Tax Act for 1955 (70 Stat. 36).

§ 1.822–5 Mutual insurance company taxable income.

(a) *Mutual insurance company taxable income defined.* Section 822(a) defines the term "mutual insurance company taxable income" for purposes of part II, subchapter L, chapter 1 of the Code. Mutual insurance company taxable income means gross investment income (as defined in section 822(b) and paragraph (b) of this section), less the deductions provided in section 822(c) and paragraph (c) of this section for wholly tax-exempt interest, investment expenses, real estate expenses, depreciation, interest paid or accrued, capital losses, special deductions, trade or business (other than an insurance business) expenses, and depletion. However, such expenses are deductible only to the extent that they relate to investment income and the deduction of such expenses is not disallowed by any other provision of subtitle A of the Code. For example, investment expenses are not allowable unless they are ordinary and necessary expenses within the meaning of section

162. In addition to the limitations on deductions relating to real estate owned and occupied by a mutual insurance company subject to the tax imposed by section 821 provided in section 822(d)(1), the adjustment for amortization of premium and accrual of discount provided in section 822(d)(2), and the limitation on the deduction for investment expenses where general expenses are allocated to investment income provided in section 822(c)(2), mutual insurance companies subject to the tax imposed by section 821 are subject to the limitation on deductions relating to wholly tax-exempt income provided in section 265. Such companies are not entitled to the net operating loss deduction provided in section 172, and a deduction shall not be permitted with respect to the same item more than once.

(b) *Gross investment income defined.* For purposes of part II, subchapter L, chapter 1 of the Code, section 822(b) defines the term "gross investment income" of a mutual insurance company subject to the tax imposed by section 821 as the sum of the following:

(1) The gross amount of income during the taxable year from—

(i) Interest (including tax-exempt interest and partially tax-exempt interest), as described in § 1.61–7. Interest shall be adjusted for amortization of premium and accrual of discount in accordance with the rules prescribed in section 822(d)(2) and § 1.822–7;

(ii) Dividends, as described in § 1.61–9;

(iii) Rents and royalties, as described in § 1.61–8;

(iv) The entering into of any lease, mortgage or other instrument or agreement from which the company may derive interest, rents, or royalties;

(v) The alteration or termination of any instrument or agreement described in subdivision (iv) of this subparagraph;

(vi) Gains from sales or exchanges of capital assets to the extent provided in subchapter P (section 1201 and following, relating to capital gains and losses), chapter 1 of the Code.

(2) The gross income from any trade or business (other than an insurance business) carried on by a mutual insurance company subject to the tax imposed by section 821, or by a partnership of which the insurance company is a partner.

For example, gross investment income includes amounts received as commitment fees, or as a bonus for the entering into of a lease, or as a penalty for the early payment of a mortgage. In computing the gross income from any trade or business (other than an insurance business) carried on by the insurance company, or by a partnership of which the insurance company is a partner, any item described in section 822(b)(1) and paragraph (a)(1) of this section shall not be considered as gross income arising from the conduct of such trade or business, but shall be taken into account under section 822(b)(1) and paragraph (a)(1) of this section.

(c) *Deductions from gross investment income*—(1) *Wholly tax-exempt interest.* Interest which in the case of other taxpayers is excluded from gross income by section 103 but included in the gross investment income by section 822(b) is allowed as a deduction from gross investment income by section 822(c)(1).

(2) *Investment expenses.* (i) The deduction for investment expenses under section 822(c)(2) includes only those expenses of the taxable year which are fairly chargeable against gross investment income. For example, investment expenses include salaries and expenses paid exclusively for work in looking after investments, and amounts expended for printing, stationery, postage, and stenographic work incident to the collection of interest. An itemized schedule of such expenses shall be attached to the return.

(ii) [Reserved]

(iii) If any general expenses are in part assigned to or included in investment expenses, the total deduction under section 822(c)(2) shall not exceed the sum of—

(*a*) One-fourth of 1 percent of the mean of the book value of the invested assets held at the beginning and end of the taxable year, plus

(*b*) One-fourth of the amount by which mutual insurance company taxable income (computed without any deduction for investment expenses, tax-free interest, partially tax-exempt interest, or dividends received) exceeds 3¾ percent of the book value of the mean of the invested assets held at the beginning and end of the taxable year.

For purposes of section 822(c)(2) and this paragraph, the term "invested assets" means only those assets which are owned and used, and to the extent used, for the purpose of producing the income specified in section 822(b). See paragraph (b) of this section. The term does not include real estate owned and occupied, and to the extent owned and occupied, by the company.

(3) *Real estate expenses and taxes.* The deduction for real estate expenses and taxes under section 822(c)(3) includes taxes (as defined in section 164) and other expenses for the taxable year exclusively on or with respect to real estate owned by the company. For example, no deduction shall be allowed under section 822(c)(3) for amounts allowed as a deduction under section 164(e) (relating to taxes of shareholders paid by a corporation). No deduction shall be allowed under section 822(c)(3) for any amount paid out for new buildings, or for permanent improvements or betterments made to increase the value of any property. An itemized schedule of such taxes and expenses shall be attached to the return. See § 1.822–6 for limitation of such deduction.

(4) *Depreciation.* The deduction allowed by section 822(c)(4) for depreciation is, except as provided in section 822(d)(1) and § 1.822–6, identical to that allowed other corporations by section 167. Such amount allowed as a deduction from gross investment income in determining mutual insurance company taxable income is limited to depreciation sustained on the property used, and to the extent used, for the purpose of producing the income specified in section 822(b).

(5) *Interest paid or accrued.* The deduction allowed by section 822(c)(5) for interest on indebtedness is the same as that allowed other corporations by section 163. See § 1.163–1.

(6) *Capital losses.* (i) The deduction for capital losses under section 822(c)(6) includes not only capital losses to the extent provided in subchapter P, chapter 1 of the Code but in addition thereto losses from capital assets sold or exchanged to provide funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. Losses in the latter case may be deducted from ordinary income while the deduction for losses under subchapter P is limited to the gains. See section 1211.

(ii) Capital assets are considered as sold or exchanged to provide for the funds or payments specified in section 822(c)(6), to the extent that the gross receipts from the sale or exchange of such assets are not greater than the excess, if any, for the taxable year of the sum of dividends and similar distributions paid to policyholders, and losses and expenses paid over the sum of the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums received. If, by reason of a particular sale or exchange of a capital asset, gross receipts are greater than such excess, the gross receipts and the resulting loss should be apportioned and the excess included in capital losses subject to the provisions of subchapter P. Capital losses actually used to reduce net income in any taxable year may not again be used in a succeeding taxable year as an offset against capital gains in that year and for that purpose a special rule is set forth for the application of section 1212.

(iii) The application of section 822(c)(6) may be illustrated by the following examples:

Example (1). The X Company, a mutual fire insurance company subject to the tax imposed by section 821, in the taxable year 1958 sells capital assets in order to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. The gross receipts from the sale are $60,000, resulting in losses of $20,000. It pays dividends to policyholders of $150,000. It sustains losses of $25,000, and pays expenses of $25,000. It receives interest of $50,000, dividends of $5,000, royalties of $4,000, and net premiums of $66,000. The excess of the sum of dividends, losses, and expenses paid ($200,000) over the sum of the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums received ($125,000) is $75,000. As the gross receipts from the sale of capital assets ($60,000) do not exceed such excess ($75,000), the losses of $20,000 are allowable as a deduction from gross investment income.

Example (2). If in example (1) the gross receipts were $76,000 and the last capital asset sold, for the purpose therein specified, resulted in gross receipts of $2,000 and a loss of $500, the losses allowable as a deduction from gross investment income would be $19,750. The last sale made the gross receipts of $76,000 exceed by $1,000 the excess ($75,000) of the sum of dividends, losses, and expenses paid ($200,000) over the sum of the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums received ($125,000). The gross

receipts and the resulting loss from the last sale are apportioned on the basis of the ratio of the excess of $1,000 to the gross receipts of $2,000, or 50 percent. Fifty percent of the loss of $500 is deducted from the total loss of $20,000. The remaining gross receipts of $1,000 and the proportionate loss of $250 should be reported as capital losses under subchapter P.

Example (3). If in example (1) the X Company had mutual insurance company taxable income for purposes of the surtax of $9,750 and, under the provisions of subchapter P, chapter 1 of the Code, had capital losses of $18,000 and capital gains of $10,000, the net capital loss for the taxable year 1958, in applying section 1212 for the purposes of section 822(c)(6), would be $8,000. This is determined by subtracting from total losses of $38,000 ($18,000 capital losses under subchapter P plus $20,000 other capital losses under section 822(c)(6)) the sum of capital gains of $10,000 and losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders of $20,000. Such losses of $20,000 are added to capital gains of $10,000, since they are less than taxable income for purposes of the surtax, computed without regard to gains or losses from sales or exchanges of capital assets, of $29,750 ($9,750 taxable income for purposes of the surtax plus $20,000 other capital losses under section 822(c)(6) plus the portion of capital losses allowable under subchapter P of $10,000 minus capital gains under subchapter P of $10,000).

(7) *Special deductions.* Section 822(c)(7) allows a mutual insurance company the special deductions provided by part VIII (section 241 and following), except section 248, subchapter B, chapter 1 of the Code, relating to partially tax-exempt interest and to dividends received.

(8) *Trade or business deductions.* (i) Under section 822(c)(8), the deductions allowed by subtitle A of the Code (without regard to this part) which are attributable to any trade or business (other than an insurance business) carried on by the insurance company, or by a partnership of which the company is a partner are, subject to the limitations in subdivision (ii) of this subparagraph, allowable as deductions from gross investment income in computing mutual insurance company taxable income. Such deductions are allowable, however, only to the extent that they relate to income which is included in the company's gross investment income by reason of section 822(b)(2). Thus, a deduction shall not be allowed under section 822(c)(8) with respect to any item described in section 822(b)(1). The allowable deductions may exceed the gross income from such business.

(ii) In computing the deductions under section 822(c)(8)—

(*a*) Any item, to the extent attributable to the carrying on of the insurance business, shall not be taken into account. For example, if the company operates a radio station primarily to advertise its own insurance services, a portion of the expenses of the radio station shall not be allowed as a deduction. The portion disallowed shall be an amount which bears the same ratio to the total expenses of the station as the value of advertising furnished to the insurance company bears to the total value of services rendered by the station.

(*b*) The deduction for net operating losses provided in section 172 shall not be allowed.

(9) *Depletion.* The deduction allowed by section 822(c)(9) for depletion is the same as that allowed life insurance companies under section 804(c)(4). See paragraph (b)(5) of § 1.804–4.

§ 1.822–6 Real estate owned and occupied.

Section 822(d)(1) provides that the amount allowable as a deduction for taxes, expenses, and depreciation on or with respect to any real estate owned and occupied in whole or in part by a mutual insurance company subject to the tax imposed by section 821 shall be limited to an amount which bears the same ratio to such deduction (computed without regard to this limitation) as the rental value of the space not so occupied bears to the rental value of the entire property. For example, if the rental value of the space not occupied by the company is equal to one-half of the rental value of the entire property, the deduction for taxes, expenses, and depreciation is one-half of the taxes, expenses, and depreciation on account of the entire property. Where a deduction is claimed as provided in this section, the parts of the property occupied and the parts not occupied by the company, together with the respective rental values thereof, must be shown in a statement accompanying the return.

§ 1.822–7 Amortization of premium and accrual of discount.

Section 822(d)(2) makes provision for the appropriate amortization of premium and the appropriate accrual of discount, attributable to the taxable year, on bonds, notes, debentures, or other evidences of indebtedness held by a mutual insurance company subject to the tax imposed by section 821. Such amortization and accrual is the same as that provided for life insurance companies by section 818(b)(1), as amended by the Life Insurance Company Income Tax Act of 1959 (73 Stat. 133), and shall be determined in accordance with paragraphs (a) and (b) of § 1.818–3, except in the case of a mutual insurance company subject to the tax imposed by section 821, paragraph (b) of § 1.818–3 shall apply without regard to the date of acquisition and the basis provided in section 1012 shall be used in lieu of the acquisition value.

PAR. 8. There are inserted immediately after § 1.823–2 the following new sections:

§ 1.823–3 Taxable years affected.

Sections 1.823–1 and 1.823–2 are applicable only to taxable years beginning after December 31, 1953, but before January 1, 1955, and ending after August 16, 1954, and all references to sections of part II, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, before amendments. Sections 1.823–4 and 1.823–5 are applicable only to taxable years beginning after December 31, 1954, and all references to sections of part II, subchapter L, chapter 1 of the Code are to the Internal Revenue Code of 1954, as amended by the Life Insurance Company Tax Act for 1955 (70 Stat. 36).

§ 1.823–4 Net premiums.

Net premiums are one of the items used, together with the gross amount of income during the taxable year from the items described in section 822(b) (other than paragraph (1)(D) thereof), less dividends to policyholders and wholly tax-exempt interest, in determining tax liability under section 821(a)(2). They are also used in section 822(c)(6) in determining the limitation on certain capital losses and in the application of section 1212. The term "net premiums" is defined in section 823(1) and includes deposits and assessments, but excludes amounts returned to policyholders which are treated as dividends under section 823(2).

§ 1.823–5 Dividends to policyholders.

(a) Dividends to policyholders is one of the deductions used, together with wholly tax-exempt interest, in determining tax liability under section 821(a)(2). They are also used in section 822(c)(6) in determining the limitation on certain capital losses and in the application of section 1212. The term "dividends to policyholders" is defined in section 823(2) as dividends and similar distributions paid or declared to policyholders. It includes amounts returned to policyholders where the amount is not fixed in the insurance contract but depends upon the experience of the company or the discretion of the management. Such amounts are not to be treated as return premiums under section 823(1). Similar distributions include such payments as the so-called unabsorbed premium deposits returned to policyholders by factory mutual fire insurance companies. The term "paid or declared" is to be construed according to the method of accounting regularly employed in keeping the books of the insurance company, and such method shall be consistently followed with respect to all deductions (including dividends and similar distributions to policyholders) and all items of income.

(b) If the method of accounting so employed is the cash receipts and disbursements method, the deduction is limited to the dividends and similar distributions actually paid to policyholders in the taxable year. If, on the other hand, the method of accounting so employed is the accrual method, the deduction, or a reasonably accurate estimate thereof, for dividends and similar distributions declared to policyholders for any taxable year will, in general, be computed as follows: To dividends and similar distributions paid during the taxable year add the amount of dividends and similar distributions declared but unpaid at the end of the taxable year and deduct dividends and similar distributions declared but unpaid at the beginning of the taxable year. If an insurance company using the accrual method does not compute the deduction for dividends and similar distributions declared to policyholders in the manner stated, it

must submit with its return a full and complete explanation of the manner in which the deduction is computed. For the rule as to when dividends are considered paid, see the regulations under section 561.

PAR. 9. Section 1.832 is amended by revising paragraph (4) of section 832(b), by revising paragraphs (5) and (8) of section 832(c), and by adding a historical note. These amended provisions and added historical note read as follows:

§ 1.832 Statutory provisions; insurance company taxable income.

SEC. 832. *Insurance company taxable income*—(a) *Definition of taxable income.* * * *

(b) *Definitions.* * * *

(4) *Premiums earned.* The term "premiums earned on insurance contracts during the taxable year" means an amount computed as follows:

(A) From the amount of gross premiums written on insurance contracts during the taxable year, deduct return premiums and premiums paid for reinsurance.

(B) To the result so obtained, add unearned premiums on outstanding business at the end of the preceding taxable year and deduct unearned premiums on outstanding business at the end of the taxable year.

For purposes of this subsection, unearned premiums shall include life insurance reserves, as defined in section 801(b), pertaining to the life, burial, or funeral insurance, or annuity business of an insurance company subject to the tax imposed by section 831 and not qualifying as a life insurance company under section 801.

* * * * *

(c) *Deductions allowed.* * * *

(5) Capital losses to the extent provided in subchapter P (sec. 1201 and following, relating to capital gains and losses) plus losses from capital assets sold or exchanged in order to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. Capital assets shall be considered as sold or exchanged in order to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders to the extent that the gross receipts from their sale or exchange are not greater than the excess, if any, for the taxable year of the sum of dividends and similar distributions paid to policyholders in their capacity as such, losses paid, and expenses paid over the sum of the items described in section 822(b) (other than paragraph (1)(D) thereof) and net premiums received. In the application of section 1212 for purposes of this section, the net capital loss for the taxable year shall be the amount by which losses for such year from sales or exchanges of capital assets exceeds the sum of the gains from such sales or exchanges and whichever of the following amounts is the lesser:

(A) The taxable income (computed without regard to gains or losses from sales or exchanges of capital assets or to the deductions provided in section 242 for partially tax-exempt interest); or

(B) Losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders;

* * * * *

(8) The depreciation deduction allowed by section 167 and the deduction allowed by section 611 (relating to depletion);

* * * * *

[Sec. 832 as amended by sec. 3(b) (1), (2), and (3), Life Insurance Company Tax Act 1955 (70 Stat. 48)]

PAR. 10. Section 1.841 is amended by revising section 841(1) and adding a historical note. This amended provision and added historical note read as follows:

§ 1.841 Statutory provisions; credit for foreign taxes.

SEC. 841. *Credit for foreign taxes.* * * *

(1) In the case of the tax imposed by section 802, the life insurance company taxable income (as defined in section 802(b)), and

* * * * *

[Sec. 841 as amended by sec. 5(4), Life Insurance Company Tax Act 1955 (70 Stat. 49); sec. 3(b), Life Insurance Company Income Tax Act 1959 (73 Stat. 139)]

PAR. 11. Section 1.842 is amended by adding a historical note at the end thereof. This added historical note reads as follows:

§ 1.842 Statutory provisions; computation of gross income.

SEC. 842. *Computation of gross income.* * * *

[Sec. 842 as amended by sec. 5(5), Life Insurance Company Tax Act 1955 (70 Stat. 49); sec. 3(f)(1), Life Insurance Company Income Tax Act 1959 (73 Stat. 140)]

PAR. 12. There is inserted immediately after § 1.842 the following new section:

§ 1.843 Statutory provisions; annual accounting period.

SEC. 843. *Annual accounting period.* For purposes of this subtitle, the annual accounting period for each insurance company subject to a tax imposed by this subchapter shall be the calendar year.

[Sec. 843 as added by sec. 4(a), Life Insurance Company Tax Act 1955 (70 Stat. 48)]

PAR. 13. Section 1.891 is amended by revising section 891 and the historical note. This amended provision and historical note read as follows:

§ 1.891 Statutory provisions; doubling of rates of tax on citizens and corporations of certain foreign countries.

SEC. 891. *Doubling of rates of tax on citizens and corporations of certain foreign countries.* Whenever the President finds that, under the laws of any foreign country, citizens or corporations of the United States are being subjected to discriminatory or extraterritorial taxes, the President shall so proclaim and the rates of tax imposed by sections 1, 3, 11, 802, 821, 831, 852, 871, and 881 shall, for the taxable year during which such proclamation is made and for each taxable year thereafter, be doubled in the case of each citizen and corporation of such foreign country; but the tax at such doubled rate shall be considered as imposed by such sections as the case may be. In no case shall this section operate to increase the taxes imposed by such sections (computed without regard to this section) to an amount in excess of 80 percent of the taxable income of the taxpayer (computed without regard to the deductions allowable under section 151 and under part VIII of subchapter B). Whenever the President finds that the laws of any foreign country with respect to which the President has made a proclamation under the preceding provisions of this section have been modified so that discriminatory and extraterritorial taxes applicable to citizens and corporations of the United States have been removed, he shall so proclaim, and the provisions of this section providing for doubled rates of tax shall not apply to any citizen or corporation of such foreign country with respect to any taxable year beginning after such proclamation is made.

[Sec. 891 as amended by sec. 5(6), Life Insurance Company Tax Act 1955 (70 Stat. 49); sec. 3(f)(1), Life Insurance Company Income Tax Act 1959 (73 Stat. 140)]

PAR. 14. Section 1.1016 is amended by revising paragraphs (3) (A) and (B) of section 1016(a), by adding paragraphs (3)(C) and (17) to section 1016(a), and by revising the historical note. These amended and added provisions and amended historical note read as follows:

§ 1.1016 Statutory provisions; adjustment to basis.

SEC. 1016. *Adjustment to basis*—(a) *General rule.* * * *

(3) * * *

(A) Before March 1, 1913,

(B) Since February 28, 1913, during which such property was held by a person or an organization not subject to income taxation under this chapter or prior income tax laws, and

(C) Since February 28, 1913, and before January 1, 1958, during which such property was held by a person subject to tax under part I of subchapter L (or the corresponding provisions of prior income tax laws), to the extent that paragraph (2) does not apply,

* * * * *

(17) In the case of any evidence of indebtedness referred to in section 818(b) (relating to amortization of premium and accrual of discount in the case of life insurance companies), to the extent of the adjustments required under section 818(b) (or the corresponding provisions of prior income tax laws) for the taxable year and all prior taxable years;

* * * * *

[Sec. 1016 as amended by sec. 4(c), Act of June 29, 1956 (Pub. Law 629, 84th Cong., 70 Stat. 407); sec. 3(d) (1) and (2), Life Insurance Company Income Tax Act 1959 (73 Stat. 139)]

PAR. 15. Section 1.1016–4 is amended to read as follows:

§ 1.1016–4 Exhaustion, wear and tear, obsolescence, amortization, and depletion; periods during which income was not subject to tax.

(a) Adjustments to basis must be made for exhaustion, wear and tear, obsolescence, amortization, and depletion to the extent actually sustained in respect of:

(1) Any period before March 1, 1913,

(2) Any period since February 28, 1913, during which the property was held by a person or organization not subject to income taxation under chapter 1 of the Code or prior income tax laws, and

(3) Any period since February 28, 1913, and before January 1, 1958, during which the property was held by a person subject to tax under part I, subchapter L, chapter 1 of the Code, or prior income tax law, to the extent that section 1016(a)(2) does not apply.

(b) The amount of the adjustments described in paragraph (a) of this section actually sustained is that amount charged off on the books of the taxpayer where such amount is considered by the

Commissioner to be reasonable. Otherwise, the amount actually sustained will be the amount that would have been allowable as a deduction:

(1) During the period described in paragraph (a) (1) or (2) of this section, had the taxpayer been subject to income tax during those periods, or

(2) During the period described in paragraph (a)(3) of this section, with respect to property held by a taxpayer described in that paragraph, to the extent that section 1016(a)(2) was inapplicable to such property during that period.

In the case of a taxpayer subject to the adjustment required by subparagraph (1) or (2) of this paragraph, depreciation shall be determined by using the straight line method.

PAR. 16. Section 1.1016–5 is amended by adding a new paragraph (n) at the end thereof. This added provision reads as follows:

§ 1.1016–5 Miscellaneous adjustments to basis.

* * * * *

(n) *Life insurance companies.* In the case of any evidence of indebtedness referred to in section 818(b), the basis shall be adjusted to the extent of the adjustments required under section 818(b) (or the corresponding provisions of prior income tax laws) for the taxable year and all prior taxable years. The basis of any such evidence of indebtedness shall be reduced by the amount of the adjustment required under section 818(b) (or the corresponding provision of prior income tax laws) on account of amortizable premium and shall be increased by the amount of the adjustment required under section 818(b) on account of accruable discounts.

PAR. 17. Section 1.1201 is amended by revising the portion of section 1201(a) which precedes paragraph (1), by adding subsection (c), and by revising the historical note. These amended and added provisions and amended historical note read as follows:

§ 1.1201 Statutory provisions; alternative tax.

SEC. 1201. *Alternative tax*—(a) *Corporations.* If for any taxable year the net long-term capital gain of any corporation exceeds the net short-term capital loss, then, in lieu of the tax imposed by sections 11, 511, 821 (a)(1) or (b), and 831(a), there is hereby imposed a tax (if such tax is less than the tax imposed by such sections) which shall consist of the sum of—

* * * * *

(c) *Life insurance companies.* For alternative tax in case of life insurance companies, see section 802(a)(2).

[Sec. 1201 as amended by sec. 5(7), Life Insurance Company Tax Act 1955 (70 Stat. 49); sec. 3(f)(2), Life Insurance Company Income Tax Act 1959 (73 Stat. 140)]

PAR. 18. Paragraph (a) of § 1.1201–1 is amended to read as follows:

§ 1.1201–1 Alternative tax.

(a) *Corporations.* In case the net long-term capital gain of any corporation exceeds the net short-term capital loss, section 1201(a) imposes an alternative tax in lieu of the tax imposed by sections 11, 511, 821 (a)(1) or (b), and 831(a), if and only if such alternative tax is less than the tax imposed by such sections. For taxable years beginning after December 31, 1954, and before January 1, 1958, the alternative tax shall also be in lieu of the tax imposed by section 802(a), as amended by the Life Insurance Company Tax Act for 1955 (70 Stat 38), if such alternative tax is less than the tax imposed by such section. See section 802(e), as added by the Life Insurance Company Tax Act for 1955 (70 Stat. 39). However, for taxable years beginning after December 31, 1958, section 802(a)(2), as amended by the Life Insurance Company Income Tax Act of 1959 (73 Stat. 115), imposes a separate tax equal to 25 percent of the amount by which the net long-term capital gain of any life insurance company (as defined in section 801(a) and paragraph (b) of § 1.801–3) exceeds its net short-term capital loss. See paragraph (f) of § 1.802–3. The alternative tax is not in lieu of the personal holding company tax imposed by section 541, or of any other tax not specifically set forth in section 1201(a). The alternative tax is the sum of (1) a partial tax computed at the rates provided in sections 11, 511, 802(a) (for taxable years beginning after December 31, 1954, and before January 1, 1958), 821 (a) or (b), and 831(a) on the taxable income of the taxpayer decreased by the amount of the excess of the net long-term capital gain over the net short-term capital loss, and (2) an amount equal to 25 percent of such excess or, in the case of a taxable year beginning before April 1, 1954, an amount equal to 26 percent of such excess. In the computation of the partial tax the special deductions provided for in sections 243, 244, 245, 247, 922, and 941 shall not be recomputed as the result of the reduction of taxable income by the excess of net long-term capital gain over net short-term capital loss.

PAR. 19. Section 1.11 is amended by revising section 11(b) and the historical note. This amended provision and historical note read as follows:

§ 1.11 Statutory provisions; tax imposed.

SEC. 11. *Tax imposed*—(a) *Corporations in general.* * * *

(b) *Normal tax*—(1) *Taxable years beginning before July 1, 1963.* In the case of a taxable year beginning before July 1, 1963, the normal tax is equal to 30 percent of the taxable income.

(2) *Taxable years beginning after June 30, 1963.* In the case of a taxable year beginning after June 30, 1963, the normal tax is equal to 25 percent of the taxable income.

* * * * *

[Sec. 11 as amended by sec. 2, Tax Rate Extension Act 1955 (69 Stat. 114); sec. 2, Tax Rate Extension Act 1956 (70 Stat. 66); sec. 2, Tax Rate Extension Act 1957 (71 Stat. 9); sec. 2, Tax Rate Extension Act 1958 (72 Stat. 259); sec. 2, Tax Rate Extension Act 1959 (73 Stat. 157); sec. 201, Public Debt and Tax Rate Extension Act 1960 (74 Stat. 290); sec. 2, Tax Rate Extension Act 1961 (75 Stat. 193); sec. 2, Tax Rate Extension Act 1962 (76 Stat. 114)]

PAR. 20. Paragraph (c) of § 1.11–1 is amended to read as follows:

§ 1.11–1 Tax on corporations.

* * * * *

(c) The normal tax is computed by applying to the taxable income the rate of tax in effect for the taxable year. The rates of tax applicable for the respective taxable years are as follows:

	Percent
For taxable years beginning before July 1, 1963	30
For taxable years beginning after June 30, 1963	25

PAR. 21. Section 1.803 is amended by revising the historical note. This revised historical note reads as follows:

§ 1.803 Statutory provisions; life insurance companies; income and deductions.

SEC. 803. *Income and deductions*—(a) *Application of section.* * * *

[Sec. 803 as amended by sec. 2, Life Insurance Company Tax Act 1955 (70 Stat. 39). Sec. 803, as set forth herein, is applicable only for taxable years beginning after December 31, 1954, and before January 1, 1958; however, the regulations set forth below do not reflect amendment of sec. 803 by sec. 2, Life Insurance Company Tax Act 1955. See § 1.803–7. For taxable years beginning after December 31, 1957, see subch. L as amended by sec. 2, Life Insurance Company Income Tax Act 1959 (73 Stat. 112)]

PAR. 22. Section 1.807 is amended by adding a historical note at the end thereof. This added historical note reads as follows:

§ 1.807–1 Statutory provisions; life insurance companies; foreign life insurance companies.

SEC. 807. *Foreign life insurance companies*—(a) *Carrying on United States insurance business.* * * *

[Sec. 807 is applicable only for taxable years beginning after December 31, 1953, and before January 1, 1955. For taxable years beginning after December 31, 1954, and before January 1, 1958, see sec. 816 as added by sec. 2, Life Insurance Company Tax Act 1955 (70 Stat. 36). For taxable years beginning after December 31, 1957, see sec. 819 as added by sec. 2, Life Insurance Company Income Tax Act 1959 (73 Stat. 112)]

PAR. 23. Section 1.809 is amended by revising paragraph (11) of section 809(d) and the historical note. These amended provisions read as follows:

§ 1.809 Statutory provisions; life insurance companies; in general.

SEC. 809. *In general*—* * *

(d) *Deductions.* * * *

(11) *Certain mutualization distributions.* The amount of distributions to shareholders made in 1958, 1959, 1960, and 1961 in acquisition of stock pursuant to a plan of mutualization adopted before January 1, 1958.

* * * * *

[Sec. 809 as added by sec. 2, Life Insurance Company Income Tax Act 1959 (73 Stat. 121); amended by sec. 2, Act of June 27, 1961 (Pub. Law 87–59, 75 Stat. 120)]

PAR. 24. Paragraph (a)(11) of § 1.809–5 is amended to read as follows:

§ 1.809–5 Deductions.

(a) *Deductions allowed.* * * *

(11) *Certain mutualization distributions.* The amount of distributions to shareholders actually made by the life insurance company in 1958, 1959, 1960,

and 1961 in acquisition of stock pursuant to a plan of mutualization adopted by the company before January 1, 1958. If such deduction is claimed, there must be attached to the return of the company claiming such deduction a certified copy of the plan of mutualization and proof that such plan was adopted prior to January 1, 1958. See section 809(g) and § 1.809–8 for limitation of such deduction.

PAR. 25. Section 1.813 is amended by revising the historical note. This revised historical note reads as follows:

§ 1.813 Statutory provisions; life insurance companies; adjustment for certain reserves.

SEC. 813. *Adjustment for certain reserves.* * * *

[Sec. 813 as added by sec. 2, Life Insurance Company Tax Act 1955 (70 Stat. 46). Sec. 813 is applicable only for taxable years beginning after December 31, 1954, and before January 1, 1958. For taxable years beginning after December 31, 1957, see subch. L as amended by sec. 2, Life Insurance Company Income Tax Act 1959 (73 Stat. 112)]

PAR. 26. Section 1.816 is amended by revising the historical note. This revised historical note reads as follows:

§ 1.816 Statutory provisions; life insurance companies; foreign life insurance companies.

SEC. 816. *Foreign life insurance companies*—(a) *Carrying on United States insurance business.* * * *

[Sec. 816 as added by sec. 2, Life Insurance Company Tax Act 1955 (70 Stat. 46). Sec. 816 is applicable only for taxable years beginning after December 31, 1954, and before January 1, 1958. For taxable years beginning after December 31, 1953, and before January 1, 1955, see sec. 807. For taxable years beginning after December 31, 1957, see sec. 819 as added by sec. 2, Life Insurance Company Income Tax Act 1959 (73 Stat. 112)]

(Sec. 7805, Internal Revenue Code of 1954; 68A Stat. 917; 26 U.S.C. 7805)

[F.R. Doc. 62–8770; Filed, Aug. 30, 1962; 8:51 a.m.]

Title 7—AGRICULTURE

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

SUBCHAPTER E—DETERMINATION OF SUGAR COMMERCIALLY RECOVERABLE

[Sugar Determination 831.4, Amdt. 4, Supp. 1]

PART 831—BEET SUGAR AREA

Rates of Recoverability; 1962 Crop

§ 831.8 Rates of recoverability; 1962 crop.

The hundredweight of sugar, raw value, commercially recoverable from sugar beets of the 1962 crop shall be computed by multiplying the net weight thereof in tons at the time of delivery to a processor by the rate of commercially recoverable sugar, which is applicable under the following provisions of this section.

(a) For sugar beets marketed within a settlement area under any type of agreement other than an "individual test" or a "combined individual-cossette test" contract, the rate of commercially recoverable sugar per ton of beets with respect to each settlement area is established as follows:

Settlement areas by factories in States	1955–61 average sugar content	Rate of commercially recoverable sugar
IDAHO, OREGON, WASHINGTON		
	Percent	*Cwt.*
Idaho Falls	16.18	3.029
Nyssa, Nampa	15.27	2.859
Preston	15.86	2.969
Rupert, Twin Falls	16.40	3.070
Toppenish, Moses Lake	15.18	2.842
UTAH		
Centerfield	15.82	2.961
Garland	16.16	3.025
Layton	15.92	2.980
Lewiston (Ogden)	15.65	2.930
West Jordan	15.31	2.866
COLORADO, SOUTH DAKOTA		
Sugar City	14.71	2.754
Belle Fourche	16.00	2.995
WYOMING, MONTANA		
Lovell	16.70	3.126
Worland	16.18	3.029
Billings	16.67	3.121
Hardin	16.47	3.083
Missoula	16.34	3.059
Sidney	16.31	3.053
MINNESOTA, IOWA		
East Grand Forks, Moorhead, Crookston	15.64	2.928
Chaska, Mason City	14.29	2.675
GREAT LAKES STATES		
Alma	14.70	2.752
Bay City	14.67	2.746
Caro	14.73	2.757
Carrollton	14.36	2.688
Croswell	14.68	2.748
Illinois	14.55	2.724
Ottawa	14.48	2.711
Sebewaing	14.80	2.771

(b) For sugar beets marketed under "individual test" contracts, the rate of commercially recoverable sugar per ton of beets shall be computed by multiplying 20 hundredweight by the percentage of sugar content of such beets, and then multiplying the result by 89.6 percent (the average extraction rate, as adjusted for shrink, effective for such beets). This computation can be shortened by the use of the factor of 0.1792. As an example, a content of 16.37 when multiplied by 0.1792 would result in a rate of commercially recoverable sugar of 2.933 hundredweight.

(c) For sugar beets marketed under "combined individual-cossette test" contracts, the rate of commercially recoverable sugar per ton of beets shall be computed by multiplying 20 hundredweight by the percentage of sugar content on which settlement under the marketing contract is made, and then multiplying the result by 93.6 percent (the average extraction rate effective for such beets). This computation can be shortened by the use of the factor of 0.1872. As an example, a content of 16.37 would result in a rate of commercially recoverable sugar of 3.064 hundredweight.

STATEMENT OF BASES AND CONSIDERATIONS

The determination of sugar commercially recoverable for the Beet Sugar Area, as issued August 26, 1959, and as subsequently amended, provides the method of determining and establishing amounts of sugar commercially recoverable from sugar beets of the 1962 crop, and it also provides that the rates shall become effective when public notice thereof is given in the FEDERAL REGISTER.

Pursuant to that determination, this supplement sets forth the rates of recoverability as determined for the 1962 crop. Definitive rates are specified for the various settlement areas where the only tests available for ascertaining the sugar content of the beets are cossette tests. Within these areas, the rates give effect to 1955–61 average percentages of sugar content and the 1956–60 national average extraction rate of beet sugar, raw value, of 93.6 percent.

In lieu of an extensive table of definitive rates applicable to sugar beets of various percentages of sugar content as marketed under "individual test" contracts, this supplement shows that the rate of recoverability per ton of beets of any given percentage of sugar content so marketed may be computed by multiplying such content by the factor of 0.1792. This factor gives effect to the average rate of extraction of sugar, raw value, of 89.6 percent, as applicable to individual test beets. Similarly, for beets marketed under "combined individual-cossette test" contracts, a factor of 0.1872 may be used to give effect to the average extraction rate of 93.6 percent. The difference between 93.6 and 89.6 percent represents the average "shrink" in percentage of sugar content between the time of delivery and the time of processing for all beets of the crops of 1956–60 marketed under individual test contracts. The lower percentage is not specified for beets marketed under combined individual-cossette tests inasmuch as the results of such tests include adjustment to the cossette basis. Listings of the applicable rates (expressed in hundredths) will be available for inspection at ASCS County Offices in sugar beet producting counties.

The percentages of 93.6 and 89.6, as determined herein for the 1962 crop, compare with percentages of 93.3 and 89.6, as effective for the 1961 crop.

(Sec. 403, 61 Stat. 932; 7 U.S.C. Supp. 1153. Interprets or applies sec. 302, 303, 304, 61 Stat. 930, as amended, 931; 7 U.S.C. Supp. 1132, 1133, 1134; Pub. Law 87–535 approved July 13, 1962)

Effective date of publication.

Signed at Washington, D.C., on August 27, 1962.

W. E. UNDERHILL,
Acting Deputy Administrator for Price and Production.

[F.R. Doc. 62–8774; Filed, Aug. 30, 1962; 8:51 a.m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[Grapefruit Reg. 3]

PART 906—ORANGES AND GRAPEFRUIT GROWN IN LOWER RIO GRANDE VALLEY IN TEXAS

Limitation of Shipments

§ 906.306 Grapefruit Regulation 3.

(a) *Findings.* (1) Pursuant to the marketing agreement and Order No. 906 (7 CFR Part 906), regulating the handling of oranges and grapefruit grown in the Lower Rio Grande Valley in Texas, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), and upon the basis of the recommendation of the Texas Valley Citrus Committee established under the aforesaid marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of grapefruit, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (5 U.S.C. 1001–1011) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after an open meeting of the Texas Valley Citrus Committee on August 20, 1962; such meeting was held to consider recommendations for regulation, after giving due notice of such meeeting, and interested persons were afforded an opportunity to submit their views at this meeting; the provisions of this section, including the effective time hereof, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such grapefruit; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period hereinafter set forth so as to provide for the regulation of the handling of grapefruit at the start of this marketing season, and compliance with this section will not require any special preparation on the part of the persons subject thereto which cannot be completed by the effective time hereof.

(b) *Order.* (1) Terms used in the marketing agreement and order shall, when used herein, have the same meaning as is given to the respective term in said marketing agreement and order; and terms relating to grade and diameter when used herein shall have the same meaning as is given to the respective term in the United States Standards for Grapefruit (Texas and States other than Florida, California, and Arizona) (§§ 51.620–51.658 of this title).

(2) During the period beginning at 12:01 a.m., c.s.t., September 1, 1962, and ending at 12:01 a.m., c.s.t., May 1, 1963, no handler shall, except as otherwise provided, handle:

(i) Any grapefruit of any variety, grown in the production area, unless such grapefruit grade at least U.S. No. 3;

(ii) Any grapefruit of any variety, grown in the production area, which are of a size smaller than 3 inches in diameter, except that not more than 10 percent, by count, of such grapefruit in any lot of containers, and not more than 15 percent, by count, of such grapefruit in any individual container in such lot, may be of a size smaller than 3 inches in diameter;

(iii) Any grapefruit of any variety, grown as aforesaid, in any box or carton having inside dimensions other than those specified in subdivision (iv) of this subparagraph unless (*a*) the grapefruit are packed in accordance with the requirements of standard pack; or (*b*) are of a diameter within the diameter limits specified for the following pack size except that not more than 10 percent, by count, of the grapefruit in such container may be outside of such diameter limits:

Pack size	Diameter limits in inches	
	Minimum	Maximum
46	4 5/16	5

(iv) Any grapefruit of any variety, grown as aforesaid, in a container having inside dimensions of 19¾ x 13½ x 13½ inches unless such container is packed in accordance with one of the following pack sizes and contain the applicable number of grapefruit that are within the diameter limits specified for the particular pack sizes, except that not more than 10 percent, by count, of such grapefruit in such container may be outside such diameter limits:

Pack size:	*Number of grapefruit*
46	48
54 or 56	56
64	64
70 or 72	72
80	80
96	96
112 or 113	112
125 or 126	125

(v) Any grapefruit of any variety, grown as aforesaid, for which inspection is required unless an appropriate inspection certificate has been issued with respect thereto not more than 48 hours prior to the time of shipment.

(vi) The provisions of subdivisions (iii) and (iv) of this subparagraph shall not apply to the grapefruit in any gift package of fruit.

All grapefruit of any variety, grown as aforesaid, handled during the period specified in this section are subject to all applicable container regulations which are in effect pursuant to the aforesaid marketing agreement and order during such period.

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

Dated: August 29, 1962.

PAUL A. NICHOLSON,
Acting Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F.R. Doc. 62-8818; Filed, Aug. 30, 1962; 8:45 a.m.]

[Orange Reg. 4]

PART 906—ORANGES AND GRAPEFRUIT GROWN IN THE LOWER RIO GRANDE VALLEY IN TEXAS

Limitation of Shipments

§ 906.307 Orange Regulation 4.

(a) *Findings.* (1) Pursuant to the marketing agreement and Order No. 906 (7 CFR Part 906), regulating the handling of oranges and grapefruit grown in the Lower Rio Grande Valley in Texas, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), and upon the basis of the recommendation of the Texas Valley Citrus Committee established under the aforesaid marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of oranges, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (5 U.S.C. 1001–1011) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after an open meeting of the Texas Valley Citrus Committee on August 20, 1962; such meeting was held to consider recommendations for regulation, after giving due notice of such meeting, and interested persons were afforded an opportunity to submit their views at this meeting; the provisions of this section, including the effective time hereof, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such oranges; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period here-

inafter set forth so as to provide for the regulation of the handling of oranges at the start of this marketing season, and compliance with this section will not require any special preparation on the part of the persons subject thereto which cannot be completed by the effective time hereof.

(b) *Order.* (1) Terms used in the marketing agreement and order shall, when used herein, have the same meaning as is given to the respective term in said marketing agreement and order; and terms relating to grade and diameter, when used herein, shall have the same meaning as is given to the respective term in the United States Standards for Oranges (Texas and States other than Florida, California, and Arizona) (§§ 51.680–51.712 of this title).

(2) During the period beginning at 12:01 a.m., c.s.t., September 1, 1962, and ending at 12:01 a.m., c.s.t., May 1, 1963, no handler shall handle:

(i) Any oranges of any variety, grown in the production area, unless such oranges grade at least U.S. No. 3;

(ii) Any oranges of any variety, grown as aforesaid, which are of a size smaller than 2$\frac{3}{16}$ inches in diameter, except that not more than ten (10) percent, by count, of such oranges in any lot of containers, and not more than fifteen (15) percent, by count, of such oranges in any individual container in such lot may be of a size smaller than 2$\frac{3}{16}$ inches in diameter;

(iii) Any oranges of any variety, grown as aforesaid, packed in any box or carton of inside dimensions other than those specified in subdivision (iv) of this subparagraph, unless the oranges are of a size within the diameter limits specified for one of the following pack sizes and otherwise are packed in accordance with the requirements of standard pack, except that not to exceed a total of 10 percent, by count, of the oranges in any such container may be outside such diameter limits:

Pack sizes:	*Diameter limits in inches*	
	Minimum	*Maximum*
100	3$\frac{7}{16}$	3$\frac{13}{16}$
125	3$\frac{3}{16}$	3$\frac{9}{16}$
163	2$\frac{15}{16}$	3$\frac{5}{16}$
200	2$\frac{11}{16}$	3$\frac{1}{16}$
252	2$\frac{7}{16}$	2$\frac{12}{16}$
324	2$\frac{3}{16}$	2$\frac{8}{16}$

(iv) Any oranges of any variety, grown as aforesaid, packed in a box or carton having inside dimensions of 19¾ x 13½ x 13½ inches, unless such container is packed in accordance with one of the following pack sizes and contains the applicable number of oranges specified for the pack size: *Provided,* Such oranges are within the diameter limits specified in subdivision (iii) of this subparagraph for the particular pack size, except that not to exceed a total of 10 percent, by count, of the oranges in any such container may be outside such diameter limits:

Pack sizes:	*Number of oranges*
100	100
125	125
163	163
200	198
252	252
324	319

(v) Any oranges of any variety, grown as aforesaid, for which inspection is required unless an appropriate inspection certificate has been issued with respect thereto not more than 48 hours prior to the time of shipment.

(vi) The provisions of subdivisions (iii) and (iv) of this subparagraph shall not apply to the oranges in any gift package of fruit.

All oranges of any variety, grown as aforesaid, handled during the period specified in this section are subject to all applicable container regulations which are in effect pursuant to the aforesaid marketing agreement and order during such period.

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

Dated: August 29, 1962.

PAUL A. NICHOLSON,
Acting Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F.R. Doc. 62–8819, Filed Aug. 30, 1962; 8:45 a.m.]

PART 987—DOMESTIC DATES PRODUCED OR PACKED IN A DESIGNATED AREA OF CALIFORNIA

Expenses of Date Administrative Committee for the 1962–63 Crop Year and Rate of Assessment; Operating Monetary Reserve

Notice was published in the August 16, 1962, issue of the FEDERAL REGISTER (27 F.R. 8182) regarding a proposal to approve expenses of the Date Administrative Committee for the 1962–63 crop year, fix the rate of assessment for that crop year and establish an operating monetary reserve, pursuant to §§ 987.71 and 987.72 of the marketing agreement, as amended, and Order No. 987, as amended (7 CFR Part 987; 27 F.R. 6818), regulating the handling of domestic dates produced or packed in a designated area of California. The marketing agreement and order are effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674).

The notice afforded interested persons opportunity to submit written data, views, or arguments with respect to the proposal. None were received within the time prescribed therefor.

After consideration of all relevant matters presented, including those in the notice and the information and recommendations submitted by the Date Administrative Committee, and other available information, it is hereby found and determined that the expenses of the Date Administrative Committee for the crop year beginning August 1, 1962, the rate of assessment for that crop year, and the establishment of an operating monetary reserve shall be as follows:

§ 987.307 Expenses of the Date Administrative Committee and rate of assessment for the 1962–63 crop year; operating monetary reserve.

(a) *Expenses.* Expenses (including $2,500 for the maintenance of an operating monetary reserve fund) in the amount of $42,630 are reasonable and likely to be incurred by the Date Administrative Committee during the crop year beginning August 1, 1962, for its maintenance and functioning and for such other purposes as the Secretary may determine to be appropriate.

(b) *Rate of assessment.* The rate of assessment for the crop year beginning August 1, 1962, which each handler is required to pay in accordance with § 987.72 of the marketing agreement, as amended, and this part, to the Date Administrative Committee as his pro rata share of the Committee's expenses is hereby fixed at 17 cents per hundredweight of free dates he handles or has certified for handling or for further processing during such crop year.

(c) *Operating monetary reserve.* The establishment of the operating monetary reserve permitted by § 987.72(c) is hereby approved. The Committee is authorized to place in such reserve for the crop year beginning August 1, 1962, not to exceed $2,500 of the assessments collected pursuant to said § 987.72 and this section. Funds in such reserve are available for use in accordance with said § 987.72(c).

It is hereby found that good cause exists for not postponing the effective time of this action until 30 days after publication in the FEDERAL REGISTER (5 U.S.C. 1003(c)) in that: (1) The relevant provisions of said marketing agreement and this part require that a rate of assessment fixed for a particular crop year shall be applicable to all dates handled or certified for handling or for further processing during such year; (2) the current crop year began on August 1, 1962, and the rate of assessment herein fixed will automatically apply to all such dates beginning with that date.

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

Dated: August 28, 1962.

PAUL A. NICHOLSON,
Acting Director,
Fruit and Vegetable Division.

[F.R. Doc. 62–8773; Filed, Aug. 30, 1962; 8:51 a.m.]

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

Office of Emergency Planning

Effective upon publication in the FEDERAL REGISTER, subparagraph (3) is added to paragraph (f) of § 6.321 as set out below.

§ 6.321 Office of Emergency Planning.

* * * * * * *

(f) *Office of Liaison and Public Affairs.*

* * *

(3) Chief, Information Division.

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] MARY V. WENZEL,
Executive Assistant to the Commissioners.

[F.R. Doc. 62-8751; Filed, Aug. 30, 1962; 8:47 a.m.]

Title 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Agricultural Research Service, Department of Agriculture

SUBCHAPTER C—INTERSTATE TRANSPORTATION OF ANIMALS AND POULTRY

PART 78—BRUCELLOSIS IN DOMESTIC ANIMALS

Subpart D—Designation of Modified Certified Brucellosis Areas, Public Stockyards, Specifically Approved Stockyards, and Slaughtering Establishments

MODIFIED CERTIFIED BRUCELLOSIS AREAS

Pursuant to § 78.16 of the regulations in Part 78, as amended, Title 9, Code of Federal Regulations, containing restrictions on the interstate movement of animals because of brucellosis, under sections 4, 5, and 13 of the Act of May 29, 1884, as amended; sections 1 and 2 of the Act of February 2, 1903, as amended; and section 3 of the Act of March 3, 1905, as amended (21 U.S.C. 111–113, 114a–1, 120, 121, 125), § 78.13 of said regulations designating modified certified brucellosis areas is hereby amended to read as follows:

§ 78.13 Modified certified brucellosis areas.

The following States, or specified portions thereof, are hereby designated as modified certified brucellosis areas:

Alabama. Baldwin, Barbour, Blount, Calhoun, Chambers, Cherokee, Clay, Cleburne, Coffee, Coosa, Covington, Cullman, Dale, De Kalb, Escambia, Etowah, Geneva, Henry, Houston, Jackson, Lauderdale, Lee, Limestone, Macon, Madison, Marshall, Morgan, Randolph, Russell, St. Clair, Talladega, and Tallapoosa Counties;

Arizona. The entire State;

Arkansas. The entire State;

California. Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Inyo, Kern, Kings, Lake, Lassen, Los Angeles, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo, and Yuba Counties;

Colorado. Alamosa, Archuleta, Baca, Chaffee, Clear Creek, Conejos, Costilla, Custer, Delta, Denver, Dolores, Eagle, Garfield, Gilpin, Gunnison, Hinsdale, Huerfano, Jefferson, Kit Carson, La Plata, Las Animas, Lincoln, Logan, Mesa, Mineral, Moffat, Montezuma, Montrose, Morgan, Ouray, Phillips, Pitkin, Pueblo, Rio Grande, Saguache, San Juan, San Miguel, Sedgwick, Washington, and Yuma Counties; and Southern Ute Indian Reservation and Ute Mountain Ute Reservation;

Connecticut. The entire State;

Delaware. The entire State;

Florida. Baker, Bay, Bradford, Calhoun, Columbia, Dixie, Escambia, Flagler, Franklin, Gadsden, Gilchrist, Gulf, Hamilton, Holmes, Jackson, Jefferson, Lafayette, Leon, Levy, Liberty, Madison, Nassau, Okaloosa, Santa Rosa, Suwannee, Taylor, Union, Wakulla, Walton, and Washington Counties;

Georgia. The entire State;

Idaho. The entire State;

Illinois. Alexander, Bond, Boone, Bureau, Calhoun, Carroll, Cass, Champaign, Christian, Clark, Clay, Clinton, Coles, Cook, Crawford, Cumberland, De Kalb, De Witt, Douglas, Du Page, Edgar, Edwards, Effingham, Fayette, Ford, Franklin, Gallatin, Greene, Grundy, Hamilton, Iroquois, Jackson, Jasper, Jefferson, Jersey, Jo Daviess, Johnson, Kane, Kankakee, Kendall, Knox, Lake, La Salle, Lawrence, Lee, Livingston, Logan, McHenry, McLean, Macon, Macoupin, Madison, Mason, Massac, Menard, Mercer, Monroe, Montgomery, Morgan, Moultrie, Ogle, Perry, Piatt, Pulaski, Putnam, Randolph, Richland, Rock Island, St. Clair, Salina, Sangamon, Shelby, Stark, Stephenson, Tazewell, Union, Vermilion, Wabash, Washington, Wayne, White, Whiteside, Will, Williamson, Winnebago, and Woodford Counties;

Indiana. The entire State;

Iowa. Audubon, Boone, Carroll, Clinton, Delaware, Dickinson, Emmet, Fayette, Greene, Hamilton, Lyon, Mitchell, Monona, O'Brien, Osceola, Palo Alto, Pocahontas, Polk, Sac, Scott, Wapello, Warren, Winnebago, Woodbury, and Wright Counties;

Kansas. Allen, Anderson, Atchison, Barber, Barton, Brown, Cheyenne, Clark, Clay, Cloud, Comanche, Decatur, Dickinson, Ellis, Finney, Ford, Franklin, Geary, Gove, Graham, Gray, Greeley, Hamilton, Harper, Harvey, Haskell, Hodgeman, Jefferson, Johnson, Kearney, Kingman, Kiowa, Lane, Leavenworth, Lincoln, Linn, Logan, Marshall, Meade, Miami, Mitchell, Morris, Morton, Nemaha, Norton, Osage, Osborne, Pawnee, Phillips, Pratt, Rawlins, Reno, Rice, Riley, Rooks, Rush, Russell, Scott, Seward, Sheridan, Sherman, Smith, Stafford, Stanton, Thomas, Trego, Wallace, Wichita, and Wyandotte Counties;

Kentucky. Allen, Anderson, Ballard, Barren, Boone, Boyd, Bracken, Breathitt, Breckinridge, Butler, Calloway, Campbell, Carlisle, Carroll, Carter, Clay, Clinton, Crittenden, Cumberland, Daviess, Edmonson, Elliott, Estill, Floyd, Franklin, Fulton, Gallatin, Grant, Graves, Green, Greenup, Hardin, Harlan, Harrison, Hart, Henderson, Henry, Hickman, Hopkins, Jackson, Jefferson, Johnson, Kenton, Knott, Knox, Larue, Laurel, Lawrence, Leslie, Letcher, Lewis, Lincoln, Livingston, Logan, McCracken, McCreary, McLean, Magoffin, Marion, Marshall, Martin, Mason, Meade, Menifee, Mercer, Metcalfe, Monroe, Morgan, Muhlenberg, Nelson, Ohio, Oldham, Owen, Pendleton, Perry, Pulaski, Robertson, Rockcastle, Rowan, Shelby, Simpson, Spencer, Todd, Trigg, Trimble, Union, Warren, Washington, Wayne, Webster, Whitley, and Wolfe Counties;

Louisiana. Ascension, Assumption, Claiborne, St. Helena, St. James, St. John the Baptist, Tangipahoa, and Webster Parishes;

Maine. The entire State;

Maryland. The entire State;

Massachusetts. The entire State;

Michigan. The entire State;

Minnesota. The entire State;

Mississippi. Alcorn, Amite, Attala, Benton, Choctaw, Covington, De Soto, Forrest, Franklin, George, Greene, Hancock, Harrison, Itawamba, Jackson, Jasper, Jefferson Davis, Jones, Lamar, Lawrence, Leake, Lee, Lowndes, Marion, Monroe, Neshoba, Newton, Pearl River, Perry, Pike, Pontotoc, Prentiss, Simpson, Smith, Stone, Tallahatchie, Tippah, Tishomingo, Union, Walthall, Webster, Winston, and Yalobusha Counties;

Missouri. Adair, Barry, Bates, Benton, Bollinger, Boone, Buchanan, Butler, Caldwell, Callaway, Camden, Cape Girardeau, Carroll, Carter, Case, Cedar, Christian, Clark, Cole, Crawford, Dade, De Kalb, Dent, Douglas, Dunklin, Franklin, Gasconade, Gentry, Greene, Grundy, Harrison, Henry, Hickory, Holt, Howard, Iron, Jackson, Jasper, Jefferson, Johnson, Knox, Lafayette, Lawrence, Linn, Livingston, McDonald, Macon, Madison, Maries, Marion, Mercer, Miller, Mississippi, Moniteau, Monroe, Montgomery, Morgan, New Madrid, Oregon, Osage, Ozark, Pemiscot, Perry, Pettis, Phelps, Polk, Pulaski, Putnam, Ralls, Randolph, Ray, Reynolds, Ripley, St. Charles, St. Clair, St. Francois, Ste. Genevieve, St. Louis, Saline, Scotland, Scott, Shannon, Shelby, Stone, Sullivan, Taney, Texas, Vernon, Warren, Washington, Wayne, Webster, Worth, and Wright Counties;

Montana. Beaverhead, Big Horn, Blaine, Broadwater, Carbon, Carter, Cascade, Chouteau, Daniels, Dawson, Deer Lodge, Fallon, Fergus, Flathead, Gallatin, Garfield, Glacier, Golden Valley, Granite, Hill, Jefferson, Judith Basin, Lake, Lewis and Clark, Liberty, Lincoln, McCone, Madison, Meagher, Mineral, Missoula, Musselshell, Park, Petroleum, Phillips, Pondera, Powell, Prairie, Ravalli, Richland, Roosevelt, Rosebud, Sanders, Sheridan, Silver Bow, Stillwater, Sweet Grass, Teton, Toole, Treasure, Valley, Wheatland, Wibaux, and Yellowstone Counties;

Nebraska. Adams, Banner, Burt, Butler, Cass, Cedar, Chase, Cheyenne, Clay, Colfax, Cuming, Dakota, Deuel, Dixon, Dodge, Douglas, Dundy, Fillmore, Franklin, Furnas, Gage, Gosper, Hall, Hamilton, Harlan, Hayes, Hitchcock, Howard, Jefferson, Johnson, Kearney, Kimball, Lancaster, Madison, Merrick, Nance, Nemaha, Nuckolls, Otoe, Pawnee, Perkins, Phelps, Pierce, Platte, Polk, Richardson, Saline, Sarpy, Saunders, Seward, Stanton, Thayer, Thurston, Washington, Wayne, Webster, and York Counties;

Nevada. The entire State;

New Hampshire. The entire State;

New Jersey. The entire State;

New Mexico. The entire State;

New York. The entire State;

North Carolina. The entire State;

North Dakota. Adams, Barnes, Benson, Billings, Bottineau, Bowman, Burke, Cass, Cavalier, Divide, Dunn, Eddy, Emmons, Foster, Grand Forks, Grant, Griggs, Hettinger, Kidder, McHenry, McKenzie, McLean, Mercer, Morton, Mountrail, Nelson, Oliver, Pembina, Pierce, Ramsey, Ransom, Renville, Richland, Rolette, Sargent, Sheridan, Sioux, Slope, Stark, Steele, Towner, Traill, Walsh, Ward, Wells, and Williams Counties;

Ohio. Allen, Athens, Auglaize, Belmont, Butler, Carroll, Champaign, Clark, Clinton, Columbiana, Coshocton, Crawford, Guyahoga, Darke, Defiance, Delaware, Fayette, Franklin, Fulton, Greene, Guernsey, Hancock, Hardin, Harrison, Henry, Hocking, Jackson, Knox, Lake, Lawrence, Licking, Logan, Lorain, Lucas, Mahoning, Marion, Medina, Meigs, Mercer, Miami, Monroe, Montgomery, Morgan, Morrow, Muskingum, Noble, Ottawa, Paulding, Perry, Pickaway, Pike, Portage, Preble, Putnam, Ross, Sandusky, Scioto, Seneca, Shelby, Stark, Summit, Tuscarawas, Union, Van Wert, Vinton, Warren, Washington, Williams, Wood, and Wyandot Counties;

Oklahoma. Adair, Canadian, Choctaw, Cimarron, Delaware, Grant, Mayes, Nowata, and Ottawa Counties;

Oregon. The entire State;

Pennsylvania. The entire State;

Rhode Island. The entire State;

South Carolina. The entire State;

South Dakota. Brookings, Buffalo, Butte, Campbell, Clark, Clay, Codington, Custer, Day, Deuel, Edmunds, Faulk, Grant, Hamlin,

Hand, Harding, Lawrence, Lincoln, McCook, McPherson, Marshall, Miner, Minnehaha, Moody, Perkins, Roberts, Turner, Union, and Walworth Counties, and Crow Creek Indian Reservation;

Tennessee. The entire State;

Texas. Andrews, Bailey, Bandera, Baylor, Blanco, Borden, Brewster, Briscoe, Brown, Burnet, Cameron, Childress, Cochran, Coke, Coleman, Comal, Concho, Cottle, Crane, Crockett, Crosby, Culbarson, Dallam, Dawson, Ector, Edwards, El Paso, Fisher, Gaines, Gillespie, Glasscock, Hardeman, Hartley, Haskell, Hays, Hidalgo, Howard, Hudspeth, Irion, Jeff Davis, Kendall, Kerr, Kimble, King, Kinney, Lampasas, Lipscomb, Llano, Loving, McCulloch, Martin, Mason, Menard, Midland, Mills, Mitchell, Motley, Nolan, Ochiltree, Oldham, Parmer, Pecos, Presidio, Reagan, Real, Reeves, Runnels, San Saba, Schleicher, Scurry, Shackelford, Stephens, Sterling, Stonewall, Sutton, Taylor, Terrell, Throckmorton, Tom Green, Upton, Val Verde, Ward, Winkler, and Young Counties;

Utah. The entire State;

Vermont. The entire State;

Virginia. The entire State;

Washington. The entire State;

West Virginia. The entire State;

Wisconsin. The entire State;

Wyoming. Albany, Big Horn, Campbell, Crook, Fremont, Goshen, Hot Springs, Laramie, Lincoln, Niobrara, Park, Sweetwater, Teton, Uinta, Washakie, and Weston Counties;

Puerto Rico. The entire area; and

Virgin Islands of the United States. The entire area.

(Secs. 4, 5, 23 Stat. 32, as amended, secs. 1, 2, 32 Stat. 791–792, as amended, sec. 3, 33 Stat. 1265, as amended, sec. 13, 65 Stat. 693; 21 U.S.C. 111–113, 114a–1, 120, 121, 125; 19 F.R. 74, as amended; 9 CFR 78.16)

Effective date. The foregoing amendment shall become effective upon publication in the FEDERAL REGISTER.

The amendment adds the following additional areas to the list of areas designated as modified certified brucellosis area because it has been determined that such areas come within the definition of § 78.1(i): Clear Creek, Gilpin, and Jefferson Counties in Colorado; Calhoun County in Illinois; Anderson, Atchison, Brown, Cloud, Ellis, Hodgeman, Lincoln, Pratt, Seward, and Stafford Counties in Kansas; Daviess County in Kentucky; Tangipahoa Parish in Louisiana; Benton, Covington, and Monroe Counties in Mississippi; Boone, Caldwell, Douglas, Johnson, Moniteau, Putnam, Ray, and Wright Counties in Missouri; Hayes, Kearney, and Phelps Counties in Nebraska; Lawrence and Morgan Counties in Ohio; Canadian County in Oklahoma; and McCook County and Crow Creek Indian Reservation in South Dakota.

The amendment deletes the following areas from the list of areas designated as modified certified brucellosis areas because it has been determined that such areas no longer come within the definition of § 278.1(i): Daviess, Platte, and Stoddard Counties in Missouri.

The amendment imposes certain restrictions necessary to prevent the spread of brucellosis in cattle and relieves certain restrictions presently imposed. It should be made effective promptly in order to accomplish its purpose in the public interest and to be of maximum benefit to persons subject to the restrictions which are relieved. Accordingly, under section 4 of the Administrative Procedure Act (5 U.S.C. 1003), it is found upon good cause that notice and other public procedure with respect to the amendment are impracticable and contrary to the public interest, and good cause is found for making the amendment effective less than 30 days after publication in the FEDERAL REGISTER.

Done at Washington, D.C., this 28th day of August 1962.

E. E. SAULMON,
Acting Director, Animal Disease Eradication Division, Agricultural Research Service.

[F.R. Doc. 62–8775; Filed, Aug. 30, 1962; 8:52 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 8183 o.]

PART 13—PROHIBITED TRADE PRACTICES

American Oil Co.

Subpart—Discriminating in price under section 2, Clayton Act—Price Discrimination under 2(a): § 13.715 *Charges and price differentials.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 2, 49 Stat. 1537; 15 U.S.C. 13) [Cease and desist order, American Oil Company, New York, N.Y., Docket 8183, June 27, 1962]

Order requiring the distributor of "Amoco" and "American" gasoline, selling its products throughout some 25 states, to cease discriminating in price in violation of section 2(a) of the Clayton Act by such practices as its selling of gasoline in October 1958 to certain dealers in and around Smyrna, Marietta, and Rome, Ga., at prices lower than those it charged their competitors.

The order to cease and desist is as follows:

It is ordered, That respondent, The American Oil Company, a corporation, its officers, directors, agents, representatives, or employees, directly or through any corporate or other device in connection with the offering for sale, sale or distribution of gasoline in commerce, as "commerce" is defined in the Clayton Act, as amended, do forthwith cease and desist from:

Discriminating in price by selling products of like grade and quality to any purchaser at prices higher than those granted other purchasers who in fact compete with the nonfavored purchaser in the resale or distribution of respondent's products.

By "Final Order", report of compliance was required as follows:

It is further ordered, That respondent, The American Oil Company, shall, within sixty (60) days after service upon it of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with the order to cease and desist.

Issued: June 27, 1962.

By the Commission, Commissioner Elman dissenting.

[SEAL] JOSEPH W. SHEA,
Secretary.

[F.R. Doc. 62–8755; Filed, Aug. 30, 1962; 8:48 a.m.]

[Docket C–168]

PART 13—PROHIBITED TRADE PRACTICES

Morris Greenbaum et al.

Subpart—Furnishing false guaranties: § 13.1053 *Furnishing false guaranties:* § 13.1053–35 *Fur Products Labeling Act.* Subpart—Invoicing products falsely: § 13.1108 *Invoicing products falsely:* § 13.1108–45 *Fur Products Labeling Act.* Subpart—Misrepresenting oneself and goods—Goods: § 13.1680 *Manufacture or preparation.* Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 *Composition:* § 13.1845–30 *Fur Products Labeling Act;* § 13.1865 *Manufacture or preparation:* § 13.1865–40 *Fur Products Labeling Act;* § 13.1900 *Source or origin:* § 13.1900–40 *Fur Products Labeling Act:* § 13.1900–40(a) *Maker or seller.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 179; 15 U.S.C. 45, 69f) [Cease and desist order, Morris Greenbaum et al. trading as Morris Greenbaum & Bro., New York, N.Y., Docket C–168, July 13, 1962]

In the Matter of Morris Greenbaum, Jacob Greenbaum and Nathan Greenbaum, Individually and as Co-Partners Trading as Morris Greenbaum & Bro.

Consent order requiring New York City furriers to cease violating the Fur Products Labeling Act by failing to show on labels the true animal name of fur used in a fur product and the identification of the manufacturer, etc.; failing to show on labels and invoices when fur was artificially colored; invoicing as natural, furs which were bleached, dyed, etc.; and furnishing false guaranties that certain of their fur products were not misbranded.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Morris Greenbaum, Jacob Greenbaum and Nathan Greenbaum, individually and as co-partners trading as Morris Greenbaum & Bro. or under any other trade name, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale, in commerce, or the transportation or distribution in commerce of any fur product; or in connection with the sale, manufacture for sale, advertising, offering for sale, transportation or distribution, of any fur product which has been made in whole or in part of

fur which has been shipped and received in commerce as "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act do forthwith cease and desist from:

1. Misbranding fur products by:

A. Representing directly or by implication, on labels that the fur contained in fur products is natural, when such is not the fact.

B. Failing to affix labels to fur products showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of section 4(2) of the Fur Products Labeling Act.

2. Falsely or deceptively invoicing fur products by:

A. Representing directly or by implication on invoices that the fur contained in fur products is natural, when such is not the fact.

B. Failing to furnish invoices to purchasers of fur products showing all the information required to be disclosed by each of the subsections of section 5(b)(1) of the Fur Products Labeling Act.

3. Furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported or distributed in commerce.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: July 13, 1962.

By the Commission.

[SEAL] JOSEPH W. SHEA, *Secretary.*

[F.R. Doc. 62-8756; Filed, Aug. 30, 1962; 8:49 a.m.]

[Docket C-167]

PART 13—PROHIBITED TRADE PRACTICES

Regent Games, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.155 *Prices:* § 13.155-40 *Exaggerated as regular and customary.* Subpart—Furnishing means and instrumentalities of misrepresentation or deception: § 13.1055 *Furnishing means and instrumentalities of misrepresentation or deception.* Subpart—Misbranding or mislabeling: § 13.1325 *Source or origin:* § 13.1325-70 *Place.* Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1900 *Source or origin:* § 13.1900-35 *Foreign product as domestic.*

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Regent Games, Inc., et al., New York, N.Y., Docket C-167, July 13, 1962.]

In the Matter of Regent Games, Inc., a Corporation, and Popular Sports, Inc., a Corporation, and Irving Lawner, and Joseph Lipman, Individually and as Co-Partners Trading as Regent Sports Co., and as Officers of Each of Said Corporations

Consent order requiring affiliated distributors of sporting goods and games in New York City, to cease setting forth in catalogues as customary retail prices, amounts in excess of usual selling prices in the trade areas concerned; and selling badminton sets comprised of various items on which the name of the foreign country of origin was set forth inconspicuously on their wrappings and with only the address of an American company on the outer container.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Regent Games, Inc., a corporation, and its officers, and Popular Sports, Inc., a corporation, and its officers, and Irving Lawner and Joseph Lipman, individually and as co-partners trading as Regent Sports Co. and as officers of each of said corporations, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of sporting goods, games or any other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that any amount is the usual and customary price of merchandise in the trade area or areas where the representations are made when it is in excess of the generally prevailing price or prices at which said merchandise is sold in said trade area or areas.

2. Representing, directly or indirectly, in advertising or in labeling that products manufactured in any foreign country are manufactured in the United States.

3. Offering for sale or selling products which are, in whole or in substantial part, of foreign origin, without clearly and conspicuously disclosing on such products the country of origin thereof, and if the products are enclosed in a package or carton, clearly and conspicuously disclosing on such package or carton that all or a part of the contents thereof are imported and that the country of origin of foreign made products is set forth on each said product.

4. Furnishing or otherwise placing in the hands of retailers or dealers in said products the means and instrumentalities by and through which they may mislead or deceive the public in the manner or as to the things hereinabove prohibited.

It is further ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: July 13, 1962.

By the Commission.

[SEAL] JOSEPH W. SHEA, *Secretary.*

[F.R. Doc. 62-8757; Filed, Aug. 30, 1962; 8:49 a.m.]

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

PART 125—SCREENING THE READY RESERVE UNDER THE PROVISIONS OF SECTION 271, TITLE 10, UNITED STATES CODE

Revision

The Secretary of Defense approved the following revision of Part 125. Appendixes A and B published at 21 F.R. 3251 remain unchanged.

Sec.

AUTHORITY: §§ 125.1 to 125.7 issued under R.S. 161; 5 U.S.C. 22. Interpret or apply sec. 208, 69 Stat. 598, 599; secs. 269, 273, 70A Stat. 12, 13; 50 U.S.C. 928, 10 U.S.C. 269, 273.

§ 125.1 Purpose.

This part provides the Military Departments with policy and regulations for screening the Ready Reserve.

§ 125.2 Policy.

(a) Each Service shall continuously screen its Ready Reserve in peacetime in order to provide a Ready Reserve composed of individuals (1) who meet Service standards of mental, moral, professional and physical fitness, and possess the required military qualifications in the various ranks, grades, ratings, and specialties and (2) who are immediately available for military service during a national emergency without seriously impairing production and research vital to the national military effort, or activities necessary to the maintenance of the national health, safety or interest, or without creating extreme personal or community hardship.

(b) In selecting members of the Ready Reserve to be transferred to the Standby Reserve who are otherwise equally eligible for transfer under the criteria established herein, the Service concerned shall accord preference for transfer in the following order: (1) Those who have participated in combat; and (2) those with the least remaining obligated service in the Ready Reserve.

§ 125.3 Regulations for screening the Ready Reserve.

Screening of the Ready Reserve shall be in accordance with the provisions of section 271, Title 10, United States Code and Executive Order 10651 and the following implementing instructions. Citations refer to specific paragraphs in Executive Order 10651.

(a) *Reference paragraph 2(a)—fulfilled Ready Reserve obligation.* Members of the Ready Reserve who have completed their ready reserve obligation will be transferred to the Standby Reserve as provided for by Part 115 of this chapter.

(b) *Reference paragraph 3—extreme hardship.* Positive action shall be taken to insure that all Ready Reservists are informed of the provisions of paragraph 3, Executive Order 10651, and the following implementing instructions relative to hardship:

(1) *Extreme personal hardship.* An individual desiring transfer from the Ready Reserve to the Standby Reserve must establish by documentary evidence that his dependents would, by his call to active duty in an emergency, suffer extreme hardship greater than that which dependents of other Reservists can be expected to experience from the Reservist's order to active duty. In order to insure a uniform standard, the criteria established by the Services should conform generally with current Selective Service regulations on extreme hardship deferment. (See § 1622.30 (b) and (c) (1) of this title (Selective Service regulations).) In those cases where the Reservist is registered with Selective Service, documentary evidence may include a recommendation by the State Director of Selective Service of the State in which the registrant's Local Board is located. Requests for consideration under this paragraph must be initiated by the Reservist or by his dependents.

(2) *Extreme community hardship.* An individual desiring transfer from the Ready Reserve to the Standby Reserve must establish by documentary evidence that his withdrawal from the community in a national emergency would have a substantially adverse effect on the health, safety or welfare of the community. In those cases where the Reservist is registered with Selective Service, documentary evidence may include a recommendation by the State Director of Selective Service of the State in which the registrant's Local Board is located. Requests for consideration under this paragraph must be initiated by the Reservist.

(c) *Reference paragraph 4—critical military skills and critical civilian occupations*—(1) *Critical military skills.* (i) A critical military skill is one appearing on the list of Critical Military Skills for Use in Screening the Ready Reserve, published by the Department of Defense. This list is subject to periodic revision.

(ii) The criteria used in establishing the List of Critical Military Skills are as follows:

(*a*) The military skill must be indispensable to the success of the Ready Reserve Mobilization mission.

(*b*) A long period of mobilization-accelerated training in the Reservist's individual military specialty to include prerequisite specialty training (totalling at least 6 months) must be needed to develop the degree of skill required.

(*c*) An appreciable shortage (at least 10 percent of Ready Reserve requirements) of available personnel with the skill exists or is anticipated.

(iii) The DOD List will be revised from time to time by the Assistant Secretary of Defense (Manpower), as necessitated by changes in the military missions and manpower requirements of the Services.

(iv) The Military Departments may furnish special justification for those skills which in their judgment should be included on the List of Critical Military Skills where manning circumstances justify a deviation from the above criteria.

(v) To the maximum extent possible, Military Departments will utilize overages in critical military skills in one geographical area to meet the requirements for such skills in other areas.

(2) *Critical civilian occupations.* (i) The Department of Labor has issued a List of Critical Civilian Occupations for Screening the Ready Reserve. This list was developed by an Interagency Committee on which the Department of Defense is represented, and is subject to periodic revision.

(ii) To the extent that such assistance may be needed, authority is granted the Services to request the technical advice of the Department of Labor's affiliated State Employment Service Offices in classifying the civilian occupations of particular individual Reservists, other than Farm Operators and Assistants. There are some 1,800 full-time and 2,100 part-time Employment Service Offices located in communities throughout the country. The County Agricultural Stabilization and Conservation Committees of the Department of Agriculture may be used in a similar manner with respect to Farm Operators and Assistants. These committees, which exist in all agricultural counties in the country, generally have their headquarters in the county seats.

(3) *Utilization of Volunteers with Critical Civilian Occupations.* A Ready Reservist with a critical civilian occupation in excess of requirements in the Ready Reserve who has been selected for transfer to the Standby Reserve in accordance with paragraphs 4 and 7 of the Executive Order, and who then volunteers to remain in the Ready Reserve, under the provisions of Part 115 CFR of this chapter, shall be given a military assignment utilizing his critical civilian occupation. If no military requirement exists for his critical civilian occupation and he possesses another critical military skill, he shall be utilized in that skill. If no requirement exists for him in a critical civilian occupation or in a critical military skill, he shall be utilized, insofar as possible, in a related military assignment.

(d) *Reference paragraph 5—apprentices and students.*

(1) Ready Reservists who are apprentices or students shall be transferred to the Standby Reserve in accordance with the following regulations except that no person shall be transferred hereunder who (i) has not had active duty, other than for training, of at least twelve (12) months, (ii) possesses a critical military skill, or (iii) volunteers to remain in the Ready Reserve and executes a written agreement to remain in such Reserve for a minimum period of one year, as provided in Part 115 of this chapter.

(*a*) *Apprentices.* Ready Reservists who are undergoing apprenticeship training in critical civilian occupations appearing in Department of Labor List of Critical Occupations for Screening the Ready Reserve, in such numbers as are in excess of the requirements for the Ready Reserve for such occupations, and who meet the standards and requirements described in Appendix A shall be transferred to the Standby Reserve. At such time as the Reservist ceases to qualify for consideration as an apprentice under these regulations, he should be considered for transfer to the Ready Reserve.

(*b*) *Students.* Ready Reservists who are students in colleges or universities pursuing studies that will qualify them for critical civilian occupations appearing in Department of Labor List of Critical Occupations for Screening the Ready Reserve and who meet the standards and requirements described in Appendix B shall be transferred to the Standby Reserve. Excluded from consideration are those students enrolled or enlisted in programs leading to appointment to commissioned rank. At such time as the Reservist ceases to qualify for consideration as a student under these regulations, he should be considered for transfer to the Ready Reserve.

§ 125.4 Ministerial students.

Any Ready Reservist who is preparing for the ministry in a recognized theological or divinity school shall be transferred to the Standby Reserve unless he executes a written agreement to remain in the Ready Reserve for a minimum of one year, as provided in Part 115 of this chapter.

§ 125.5 Persons who become liable for induction if screened into the Standby Reserve.

Certain persons, such as persons covered by section 6(c) (2) (A) of the Universal Military Training and Service Act (50 App. U.S.C. 456(c) (2) (A)), are exempted or deferred from induction so long as they serve satisfactorily as members of organized units. Since these persons cannot be screened to the Standby Reserve under certain circumstances without losing their exemptions or deferments, they shall be informed of this fact if they become qualified for transfer to the Standby Reserve and be given an opportunity to volunteer to remain in the Ready Reserve, if qualified.

§ 125.6 Reservists transferred to Standby Reserve.

Separate instructions govern the administrative actions involved in the transfer of individuals to the Standby

Reserve. These instructions include the procedures which Selective Service and the Military Departments follow when Ready Reservists are transferred to the Standby Reserve. They also describe the type of information which will have to be forwarded by the Military Departments to Selective Service upon such transfer.

§ 125.7 Reports to the Secretary of Defense.

In order that the Secretary of Defense may review progress of the screening of the Ready Reserve, and report to the President as required by paragraph 10 of Executive Order 10651, semiannual reports of the status of the screening operations will be required of each Military Department in accordance with DOD Instruction 7730.16, "Reserve Personnel Report".

MAURICE W. ROCHE,
Administrative Secretary.

[F.R. Doc. 62-8750; Filed, Aug. 30, 1962; 8:47 a.m.]

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter I—Coast Guard, Department of the Treasury

[CGFR 62-25]

DESCRIPTIONS OF CERTAIN MARINE INSPECTION ZONE BOUNDARIES AND CAPTAIN OF THE PORT AREAS, AND VESSEL TRAFFIC IN WEST NEEBISH CHANNEL, ST. MARYS RIVER, MICH.

The amendments to 33 CFR 3.45-30 and 3.45-35 revise the language used in describing the boundaries for Ludington and Milwaukee Marine Inspection Zones, but no change is made in the areas comprising these zones. The amendments to 33 CFR 3.10-75, and 3.45-55 to 3.45-97, inclusive, revise the areas under the administration of various Captains of the Port whose offices are in Louisville, Buffalo, Chicago, Cleveland, Detroit, Duluth, Ludington, Milwaukee, Oswego, Sault Ste. Marie, and Toledo. The change to 33 CFR 67.50-45(a) substitutes a reference to the correct description so that this section will be similar to the others in the same subpart.

Amendments revising procedures followed after the reopening of the West Neebish Channel to vessel traffic were published in the FEDERAL REGISTER, April 4, 1962 (27 F.R. 3200, 3201). Several changes were made to the regulations in 33 CFR Part 92 which included the procedures to be followed when the West Neebish Channel may be temporarily closed. The revised wording of 33 CFR 92.19(a) has been questioned and some people have assumed the West Neebish Channel is still closed. The amendment in this document to 33 CFR 92.19(a) states that procedures provided therein shall apply in the event the Channel is temporarily closed. The Pilot Island Range referred to in 33 CFR 92.65 has been discontinued, and the amendment to this section brings up to date required references.

Because the regulations in this document are rules describing Coast Guard organization, procedures, or editorial corrections concerning references to aids to navigation, it is hereby found that the Coast Guard is exempt from compliance with the Administrative Procedure Act (respecting notice of proposed rule making, public rule-making procedures thereon, and effective date requirements).

By virtue of the authority vested in me as Commandant, United States Coast Guard, by Treasury Department Orders 120 dated July 31, 1950 (15 F.R. 6521), 167-3 dated May 6, 1953 (18 F.R. 2962), 167-15 dated January 30, 1955 (20 F.R. 840), 167-17 dated June 25, 1955 (20 F.R. 4976), and 167-23 dated July 27, 1956 (21 F.R. 5852), to promulgate regulations in accordance with the statutes cited with the regulations below, the following amendments are prescribed and shall be in effect on and after the date of publication in the FEDERAL REGISTER:

SUBCHAPTER A—GENERAL

PART 3—COAST GUARD DISTRICTS, MARINE INSPECTION ZONES, AND CAPTAIN OF THE PORT AREAS

Subpart 3.10—Second Coast Guard District

1. Section 3.10-75 is amended to read as follows:

§ 3.10-75 Louisville Captain of the Port.

(a) The Louisville Captain of the Port Office is in Louisville, Kentucky.

(b) The Louisville Captain of the Port area comprises all navigable waters of the United States and contiguous land areas of the Ohio River from Mile 595.0 to Mile 615.0.

(Sec. 3, 60 Stat. 238, and sec. 633, 63 Stat. 545; 5 U.S.C. 1002, 14 U.S.C. 633)

Subpart 3.45—Ninth Coast Guard District

2. Section 3.45-30(b) is amended to read as follows:

§ 3.45-30 Ludington Marine Inspection Zone.

* * * * *

(b) The Ludington marine inspection zone boundary starts at 42°30′ N. latitude and 87° W. longitude; thence due east to 84°45′ W. longitude; thence due north to 45° N. latitude; thence northwesterly to 45°20′ N. latitude and 86°11′ W. longitude; thence southwesterly to 44°30′ N. latitude and 87° W. longitude; thence due south to 42°30′ N. latitude.

3. Section 3.45-35(b) is amended to read as follows:

§ 3.45-35 Milwaukee Marine Inspection Zone.

* * * * *

(b) The Milwaukee marine inspection zone boundary starts at 42°30′ N. latitude and 90° W. longitude; thence due east to 87° W. longitude; thence due north to 44°30′ N. latitude; thence northeasterly to 45°33′ N. latitude and 85°56′ W. longitude; thence due west to 88° W. longitude; thence due north to 46°20′ N. latitude; thence due west to 90° W. longitude; thence due south to 42°30′ N. latitude.

(Sec. 3, 60 Stat. 238, and sec. 633, 63 Stat. 545; 5 U.S.C. 1002, 14 U.S.C. 633)

4. Sections 3.45-55 to 3.45-97, inclusive, are amended to read as follows:

Sec.
3.45-55 Buffalo Captain of the Port.
3.45-60 Chicago Captain of the Port.
3.45-65 Cleveland Captain of the Port.
3.45-70 Detroit Captain of the Port.
3.45-75 Duluth Captain of the Port.
3.45-80 Ludington Captain of the Port.
3.45-85 Milwaukee Captain of the Port.
3.45-90 Oswego Captain of the Port.
3.45-95 Sault Ste. Marie Captain of the Port.
3.45-97 Toledo Captain of the Port.

AUTHORITY: §§ 3.45-55 to 3.45-97 issued under sec. 3, 60 Stat. 238, and sec. 633, 63 Stat. 545; 5 U.S.S. 1002, 14 U.S.C. 633.

§ 3.45-55 Buffalo Captain of the Port.

(a) The Buffalo Captain of the Port Office is in Buffalo, New York.

(b) The Buffalo Captain of the Port area comprises all navigable waters of the United States and continguous land areas within the following boundaries: From the Canadian border in Lake Erie at 80°17′ W. longitude; thence southeast to 41° N. latitude and 80° W. longitude; thence due east to 79° W. longitude; thence north to 42° N. latitude; thence east to 77°28′ W. longitude; thence due north to the Canadian border; thence west along the Canadian border to 80°17′ W. longitude.

§ 3.45-60 Chicago Captain of the Port.

(a) The Chicago Captain of the Port Office is in Chicago, Illinois.

(b) The Chicago Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From the Illinois, Wisconsin State line and 90° W. longitude; thence due east to 84°45′ W. longitude; thence due south to 41° N. latitude; thence due west to 90° W. longitude; thence due north to the Illinois, Wisconsin State line.

§ 3.45-65 Cleveland Captain of the Port.

(a) The Cleveland Captain of the Port Office is in Cleveland, Ohio.

(b) The Cleveland Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From the Canadian border in Lake Erie at 82°25′ W. longitude; thence due south to 41° N. latitude; thence due east to 80° W. longitude; thence northwest to 80°17′ W. longitude on the Canadian border; thence west along the Canadian border to 82°25′ W. longitude.

§ 3.45-70 Detroit Captain of the Port.

(a) The Detroit Captain of the Port Office is in Detroit, Michigan.

(b) The Detroit Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From 84°45′ W. longitude and 42° N. latitude; thence due east to the Canadian border; thence north along the

Canadian border to 45° N. latitude; thence due west to 84°45′ W. longitude; thence due south to 42° N. latitude.

§ 3.45–75 Duluth Captain of the Port.

(a) The Duluth Captain of the Port Office is in Duluth, Minnesota.

(b) The Duluth Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From the intersection of the Red River of the North and 46°20′ N. latitude; thence due east to 89° W. longitude; thence due north to 47°30′ N. latitude; thence northwesterly to the intersection of the Canadian border with 89°30′ W. longitude; thence westward along the Canadian border to its intersection with the Red River of the North, thence south along the river's course to 46°20′ N. latitude.

§ 3.45–80 Ludington Captain of the Port.

(a) The Ludington Captain of the Port Office is in Ludington, Michigan.

(b) The Ludington Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From 42°30′ N. latitude and 87° W. longitude; thence due east to 84°45′ W. longitude; thence due north to 45° N. latitude; thence northwesterly to 45°20′ N. latitude and 86°11′ W. longitude; thence southwesterly to 44°30′ N. latitude and 87° W. longitude; thence due south to 42°30′ N. latitude.

§ 3.45–85 Milwaukee Captain of the Port.

(a) The Milwaukee Captain of the Port Office is in Milwaukee, Wisconsin.

(b) The Milwaukee Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From 42°30′ N. latitude and 90° W. longitude; thence due east to 87° W. longitude; thence due north to 44°30′ N. latitude; thence northeasterly to 45°33′ N. latitude and 85°56′ W. longitude; thence due west to 88° W. longitude; thence due north to 46°20′ N. latitude; thence due west to 90° W. longitude; thence due south to 42°30′ N. latitude.

§ 3.45–90 Oswego Captain of the Port.

(a) The Oswego Captain of the Port Office is in Oswego, New York.

(b) The Oswego Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From the Canadian border in Lake Ontario at 77°28′ W. longitude; thence due south to 42° N. latitude; thence due east to 74°40′ W. longitude; thence due north to the Canadian border; thence west and south along the Canadian border to 77°28′ W. longitude.

§ 3.45–95 Sault Ste. Marie Captain of the Port.

(a) The Sault Ste. Marie Captain of the Port Office is in Sault Ste. Marie, Michigan.

(b) The Sault Ste. Marie Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From Detour Reef Light southeast (135°) to the Canadian border; thence northerly along the Canadian border to the 85° W. longitude; thence due south to the 46°10′ N. latitude; thence due east to the 84°30′ W. longitude; thence southeasterly to Detour Reef Light.

§ 3.45–97 Toledo Captain of the Port.

(a) The Toledo Captain of the Port Office is in Toledo, Ohio.

(b) The Toledo Captain of the Port area comprises all navigable waters of the United States and contiguous land areas within the following boundaries: From 84°45′ W. longitude and 42° N. latitude; thence due south to 41° N. latitude; thence due east to 82°25′ W. longitude; thence due north to the Canadian border in Lake Erie; thence northwest along the Canadian border to 42° N. latitude; thence due west to 84°45′ W. longitude.

SUBCHAPTER C—AIDS TO NAVIGATION

PART 67—PRIVATE AIDS TO NAVIGATION, OUTER CONTINENTAL SHELF AND WATERS UNDER THE JURISDICTION OF THE UNITED STATES

Subpart 67.50—District Regulations

Section 67.50–45(a) is amended to read as follows:

§ 67.50–45 Thirteenth Coast Guard District.

(a) *Description.* See § 3.65–1 of this chapter.

(Sec. 633, 63 Stat. 545, sec. 4, 67 Stat. 462; 14 U.S.C. 633, 43 U.S.C. 1333)

SUBCHAPTER E—NAVIGATION REQUIREMENTS FOR THE GREAT LAKES AND ST. MARYS RIVER

PART 92—ANCHORAGE AND NAVIGATION REGULATIONS; ST. MARYS RIVER, MICHIGAN

Section 92.19(a) is amended to read as follows:

§ 92.19 Temporary closure of West Neebish Channel.

(a) In the event the West Neebish Channel is temporarily closed to navigation (due to dredging, grounding of vessels, or other reasons), the resulting two-way navigation will pass through the Middle Neebish, Munuscong, and Sailors Encampment Channels. The closure and obstruction signals shall be shown from Lookout Stations Nos. 4, 3, and 1.

(Secs. 1–3, 29 Stat. 54–55, as amended; 33 U.S.C. 474)

Section 92.65 is amended to read as follows:

§ 92.65 Vessels going in the same direction; when passing prohibited.

No vessel shall pass or attempt to pass another vessel bound in the same direction, when such passing would bring more than two vessels abreast in any of the passages between Lake Munuscong Junction Lighted Bell Buoy in Upper Lake Munuscong and Big Point in the upper St. Marys River, except that such passing is permitted between Little Rapids Cut Lighted Buoy No. 105 and the St. Marys Falls Canal.

(Secs. 1–3, 29 Stat. 54–55, as amended; 33 U.S.C. 474)

Dated: August 22, 1962.

[SEAL] D. McG. MORRISON,
Vice Admiral, U.S. Coast Guard
Acting Commandant.

[F.R. Doc. 62–8754; Filed, Aug. 30, 1962; 8:48 a.m.]

Title 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans Administration

PART 3—ADJUDICATION

Subpart C—Servicemen's Indemnity

FORFEITURE

In § 3.1816, paragraph (c) is amended to read as follows:

§ 3.1816 Forfeiture.

* * * * *

(c) *Beneficiary; fraud, treasonable acts or subversive activities.* A forfeiture of gratuitous benefits by a beneficiary under §§ 3.901, 3.902 or 3.903 is applicable to payments of servicemen's indemnity.

(72 Stat. 1114; 38 U.S.C. 210)

This regulation is effective August 31, 1962.

[SEAL] A. T. MCANSH,
Acting Associate
Deputy Administrator.

[F.R. Doc. 62–8761; Filed, Aug. 30, 1962; 8:50 a.m.]

Title 41—PUBLIC CONTRACTS

Chapter 9—Atomic Energy Commission

PART 9–55—JUSTIFICATION AND DOCUMENTATION OF PROCUREMENT ACTIONS

Part 9–55 is added to read as follows:

Sec.

9–55.000 Scope of part.
9–55.001 Applicability.

Subpart 9–55.1 Justification of Procurement

9–55.100 Scope of subpart.
9–55.101 Formal advertising.
9–55.102 Negotiated procurements.
9–55.102–1 Applicability.
9–55.102–2 Justification of negotiated contracts and subcontracts.
9–55.102–3 Procurement by cost-type contractors—exceptions.

Subpart 9–55.2 Documentation

9–55.200 Scope of subpart.
9–55.201 Procurement files.
9–55.202 Documentation of negotiated contracts and subcontracts.
9–55.203 Documentation of procurement through formal advertising.
9–55.204 Approval files—cost-type contractor procurement.

AUTHORITY: §§ 9–55.100 to 9–55.204 issued under sec. 161, 68 Stat. 948; 42 U.S.C. 2201; sec. 205, 63 Stat. 390; 40 U.S.C. 486.

§ 9–55.000 Scope of part.

This part sets forth the administrative requirements for the justification of AEC procurement actions for equipment, supplies, and services (including construction) and for the establishment and maintenance of complete files of documents in support of AEC procurement actions, whether formally advertised or negotiated.

§ 9–55.001 Applicability.

This part applies to AEC direct procurement actions. Contracting officers shall require AEC cost-type contractors to follow policies and procedures similar to those set forth in this part.

Subpart 9–55.1 Justification of Procurements

§ 9–55.100 Scope of subpart.

This subpart sets forth the type of information required for justification of procurements by AEC and its cost-type contractors through formal advertising or by negotiation.

§ 9–55.101 Formal advertising.

Justification for formally advertised procurements shall consist of the information required by § 9–55.202.

§ 9–55.102 Negotiated procurements.

Justification for negotiated procurements shall consist of a compilation, in written form, of all data with respect to a proposed procurement upon which it has been determined that such procurement is in the best interest of the Government.

§ 9–55.102–1 Applicability.

This section is applicable to all negotiated contracts (including letters of intent or letter contracts), subcontracts under cost-type contracts, and modifications thereof involving additional supplies or services, to the extent indicated in the following §§ 9–55.102–2 and 9–55.102–3. It is not applicable to: (a) Orders for $2,500 or less, (b) orders against Federal Supply Schedules, (c) orders placed against other Government agencies, (d) orders placed against other AEC offices, and (e) orders placed by one AEC cost-type contractor against another AEC contractor when the cost of the work will be paid for under the AEC contract held by the contractor receiving the order.

§ 9–55.102–2 Justification of negotiated contracts and subcontracts.

The justification of negotiated contracts, and subcontracts under cost-type contractors required for actions in excess of $100,000 shall be in the form of a narrative statement covering, to the extent applicable to the particular transaction, the general type of information as indicated in paragraphs (a) through (i) of this section. Actions under $100,000 shall be supported by files containing substantially the same information required by paragraphs (a) through (i) of this section. The scope and detail of information to be included in the contract file should generally be determined on the basis of the nature, dollar value, and complexity of the transaction involved.

(a) Name and address of proposed contractor.

(b) Location of plant or work site for performance of the contract.

(c) Contract number, including amendment number if applicable.

(d) Name of price contractor and contract number if procurement action pertains to a subcontract.

(e) Nature of contract action (letter contract, conversion of letter contract, extension of existing contract, etc., as well as type of contract—cost, CPFF, incentive, etc.).

(f) A reference to the program basis for the contract, including scope of the work or description of supplies or services being procured, delivery or construction schedules, period of contract, quantities, unit prices, and total price or estimated cost. If procurement action is a contract modification, show relation to the program under the basic contract and the effect thereof.

(g) A statement justifying the use of negotiation in lieu of formal advertising.

(h) The methods of solicitation employed and the information requested from sources of supplies or services; the distribution and response to such solicitations or requests; and the basis upon which it is concluded that such solicitations or requests were sufficient to assure such full and free competition as is consistent with the procurement of the required supplies or services. This shall include:

(1) A brief summary of request for proposal used as a basis for solicitation;

(2) Number of firms invited to submit proposals and a list of firms quoting together with their respective quotations; and

(3) The reasons for selection of the proposed contractor, when award is to be made to other than the low offeror or there is a wide margin between the acceptable quotation and other quotations received.

(i) The history of negotiations with the proposed contractor, including the consideration given to appropriate factors, and the basis upon which it is concluded that the results of the negotiations are advantageous to the Government. This shall include:

(1) A brief summary of principal points involved in negotiation and the final results thereof, indicating price changes, if any, during negotiations and explanations therefor;

(2) A comparison of the proposed contract with previous procurements of the same or similar supplies or services, including dates of previous procurements, quantities, changes in specifications from last purchase, if any, and justification for changes in price.

(3) For all contracts and subcontracts involving construction and related engineering services, the cost breakdown resulting from contract negotiations which was used to arrive at the total price or estimated cost for fee or profit computation purposes;

(4) For all contracts for the operation or management of AEC facilities on a cost or CPFF basis, a complete explanation of provisions agreed on for reimbursing costs generated elsewhere than at the project site, together with complete justification for fixed fee, if any;

(5) For each supply, production, and research and development contract, an appropriately detailed analysis of cost and price reflecting final negotiation, with suitable consideration of the policies and principles stated in FPR, Part 1–3, AECPR 9–3, and AECPR 9–15.5008, including comments showing appropriate review and evaluation of major elements of cost and price by financial, technical, and other qualified personnel.

(6) Names and locations, when available, of prospective subcontractors and estimated amounts of respective subcontracts which will exceed $100,000;

(7) A statement as to whether the contract will contain any form of price redetermination or escalation, including reasons for inclusion or omission;

(8) General types and value of Government property to be furnished, or already furnished to the proposed contractor and which will be use in performance of the work.

(9) Statement as to whether the financial condition of the proposed contractor is considered satisfactory, whether the contract is to be partly or wholly financed by Government funds, whether guaranteed loans are involved, whether the contractor's accounting system is satisfactory and adequate to furnish information required by AEC under the contract, and whether or not accounts under the contract are to be integrated with AEC accounts (if a performance bond is to be furnished, state name of bonding company and amount of bond):

(10) Statement as to the technical ability and past performance of proposed contractor (if the contractor is presently performing other AEC contracts, state uncompleted contract value, status of work thereunder and the effect of proposed additional contracts or backlog on the proposed contract);

(11) Amount of funds available and encumbered for proposed contract, including appropriation, allotment number, subprogram class and budget item;

(12) Basis for establishing delivery requirements or other performance schedules;

(13) Any other pertinent data in the form of explanations, comments, or comparisons concerning any unusual or new phases of the procurement or negotiations relating thereto (comments or report of the Division of Finance of the Operations Office concerned as to the financial and pricing aspects of the proposed contract should be included under this paragraph. Comment on recent and current contracts of the contractor with other Operations Offices and other Government agencies with particular emphasis on a comparison of business aspects of such contract with the proposed contract): and

(14) In the case of contract actions requiring Washington approval, the name of the AEC negotiator responsible

for the transaction together with telephone number and extension (in the case of subcontract actions, requiring Washington approval, give the name and telephone number of the AEC representative at the operations or area office level responsible for reviewing the proposed action).

§ 9–55.102–3 Procurement by cost-type contractors—exceptions.

The requirements of § 9–55.102–2 with respect to justification of negotiated subcontracts are not applicable to contracts and purchase orders, placed by cost-type contractors, which are entered into through procedures similar to those of formal advertising. The exception shall apply only to subcontract actions which meet all of the criteria set forth in paragraphs (a) through (e) of this section.

(a) The purchased item is offered for sale in a normal competitive market. This will usually be the case in standard or semistandard commercial items where keen competition is normally found. Caution should be exercised, however, in relying on comparisons of quotations as indicative of reasonableness of price.

(b) The solicitation of quotations is adequate to assure such full and free competition as is consistent with securing the required supplies and services. In determining the adequacy of the solicitation, the following points should be considered: (1) Prospective suppliers should be given adequate notice and reasonable time in which to submit quotations; (2) the solicitation should not impose conditions or restrictions which would tend to limit competition; and (3) there should be reasonably wide dissemination of information on the pending procurement.

(c) The competition obtained is adequate to assure the reasonableness of prices to be paid.

(d) Award is in the best interest of the Government. As in the case of formally advertised procurements, award may occasionally be made to other than the low offeror. In such instances, the file documentation should roughly parallel that of a comparable prime contract.

(e) The resulting contract will be a fixed-price type without provision for price redetermination; however, escalation may be used. Time and material contracts are not to be considered as a fixed-price type of contracting.

Subpart 9–55.2 Documentation

§ 9–55.200 Scope of subpart.

This subpart sets forth the administrative requirements for the establishment and maintenance of complete files of documents in support of AEC procurement actions for equipment, supplies, and services (including construction), whether formally advertised or negotiated.

§ 9–55.201 Procurement files.

The procurement file shall include copies of all documents, certified if necessary that present a historical record of the facts of the transaction. Basic papers of the procurement file shall be arranged and secured in a logical order so as to facilitate review and audit. A complete file shall be maintained, and the removal of pertinent papers avoided. Bulky material, such as unsuccessful proposals, specifications, drawings, etc., need not be physically kept in the file, but may be filed elsewhere under the case reference number, cross referenced in both files.

§ 9–55.202 Documentation of negotiated contracts and subcontracts.

Files of essential documents for substantially all contracts and modifications made without formal advertising, except files for small purchases (less than $2,500) [see AECPR 9–3.6] shall include the following:

(a) Copy of the procurement directive, requisition or other document upon which the procurement is based;

(b) Justification of negotiation required by § 9–55.102;

(c) Copy of request for proposals, including drawings and specifications when applicable or references thereto;

(d) List of prospective contractors solicited;

(e) Abstract of proposals both oral and written;

(f) Copies of written proposals or confirming quotations received;

(g) The "Findings and Determinations" required by AECPR 9–3;

(h) The basis upon which it has been determined that the contractor was financially and technically able to perform;

(i) Cost breakdown or other appropriate information used to determine reasonableness of price in making award, including a statement on the analysis of the price;

(j) Approval of appropriate reviewing authority when required;

(k) Conformed copy of contract or purchase order with specific reference to any unusual contract provisions and reasons therefor;

(l) Related correspondence; and

(m) Copies of any modifications.

§ 9–55.203 Documentation of procurement through formal advertising.

The file covering a procurement by formal advertising shall include the following:

(a) Copy of the procurement directive, requistion or other document upon which procurement is based;

(b) Copy of the bid invitation;

(c) List of prospective bidders solicited;

(d) Copies of addenda or supplemental notices;

(e) Abstract of bids;

(f) Copy of successful bid;

(g) An evaluation of the reasonableness of the low bid accepted; including a comparison with the independent government cost estimate, if applicable;

(h) Copy of notice of award;

(i) Conformed copy of contract;

(j) Copies of unsuccessful bids;

(k) Copies of any modifications;

(l) Justification for award to other than the low bidder and other circumstances justifying award, such as basis for making the award in case of equal low bids;

(m) If performance or payment bond requirements on lump-sum or unit-price construction contracts and subcontract do not conform to the requirements of AECM 9114, state the reason.

(n) Related correspondence.

§ 9–55.204 Approval files—Cost-type contractor procurement.

A file shall be established in the Field Office which will document each cost-type contractor procurement requiring prior approval by AEC. These files shall include such pertinent and supporting material as may be determined by the Field to adequately reflect the procurement practices and procedures used and the circumstances supporting the particular transaction.

Effective date. These regulations are effective upon publication in the FEDERAL REGISTER.

Dated at Germantown, Md., this 23d day of August 1962.

For the U.S. Atomic Energy Commission.

JOHN V. VINCIGUERRA,
Director, Division of Contracts.

[F.R. Doc. 62–8737; Filed, Aug. 30, 1962; 8:45 a.m.]

Title 43—PUBLIC LANDS: INTERIOR

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

[Circular 2086]

SUBCHAPTER C—AREAS SUBJECT TO SPECIAL LAWS

PART 115—REVESTED OREGON AND CALIFORNIA RAILROAD AND RECONVEYED COOS BAY WAGON ROAD GRANT LANDS IN OREGON

SUBCHAPTER T—SALE, LEASE, OR USE, AND ACQUISITIONS

PART 259—DISPOSAL OF TIMBER AND MINERAL RESOURCES

Miscellaneous Amendments

On page 5770 of the FEDERAL REGISTER of June 19, 1962, there was published a notice and text of a proposed amendment of §§ 115.16, 115.27, 115.28, 115.29, 115.30, 115.31, 259.1, 259.2, 259.8, 259.14, 259.15, 259.16, 259.17, and 259.18 of Title 43, Code of Federal Regulations.

Interested persons were given 30 days within which to submit written comments, suggestions or objections with respect to the proposed amendments. As the result of comments received within the 30 day period, which were carefully considered, the proposed regulations are hereby adopted with the following changes to clarify the text and are set forth below.

1. The first sentence of §§ 115.27(b) and 259.14(b) is revised.

2. The third sentence of §§ 115.27(b) and 259.14(b) is revised.

3. The second sentence of § 115.28(c)(2) is revised.

4. The second sentence of § 259.15(c)(2) is revised.

In order that the public may promptly receive the benefit of the amendment it shall become effective at the beginning of the calendar day on which it is published in the FEDERAL REGISTER.

STEWART L. UDALL,
Secretary of the Interior.

AUGUST 24, 1962.

1. Section 115.16 is amended by the addition of a new paragraph designated (g) as follows:

§ 115.16 Definitions.

* * * * *

(g) "Logging unit" means a portion of the cutting area under contract clearly designated or marked by the authorized officer for the purpose of administering optional bonding and payment provisions of the timber sale contract. The total cutting area under contract may not be divided into less than two logging units.

2. Section 115.27 is amended to raise optional bonding limit to $2,500; establish $500 minimum bond on installment contracts valued from $500 to $2,500; delete the present paragraph (b) and substitute therefor provision for the optional cut against the performance bond; and provide for reducing bond below 20 percent of purchase price. As so amended § 115.27 reads as follows:

§ 115.27 Performance bonds.

(a) A minimum performance bond of not less than 20 percent of the total contract price will be required for all contracts of $2,500 or more. A minimum performance bond of not less than $500 will be required for all installment contracts less than $2,500. For cash sales less than $2,500, bond requirements, if any, will be in the discretion of the authorized officer. The performance bond may be:

(1) Bond of a corporate surety shown on the approved list issued by the United States Treasury Department and executed on an approved standard form; or

(2) Personal surety bond, executed on an approved standard form if the authorized officer determines the principals and bondsmen are capable of carrying out the terms of the contract; or

(3) Cash bond; or

(4) Negotiable securities of the United States.

(b) The authorized officer may allow the cutting of timber before payment of the second and subsequent installments as provided in this paragraph. The authorized officer shall designate logging units within the cutting area under contract and assign to them values solely for the purpose of increasing the amount of the performance bond and for payment. The purchaser shall increase the minimum performance bond required by paragraph (a) of this section by an amount equal to the value of the timber on each logging unit and shall obtain written approval of the authorized officer for the adjusted bond prior to cutting any timber on such unit. Cutting authorized in advance of payment shall be limited to one logging unit and the increased amount of the bond shall be used to assure payment for the timber on that unit. Upon payment for the timber on such unit, the increased amount may then be applied to another logging unit subject to any adjustment in the amount of the performance bond to cover the value of timber on such logging unit.

(c) As contract provisions are completed to the satisfaction of the authorized officer, he may, in his discretion, reduce the amount of the performance bond required; *Provided, however,* The amount of the performance bond shall not be reduced below the minimum required by paragraph (a) of this section until payment for the timber sold is complete.

3. Section 115.28 is amended to conform to the provisions of § 115.27(b); permit installment payments on timber sales over $500; provide for payment of total purchase price prior to original expiration date of contract; and delete provision for payment of road right-of-way timber in advance of payment of the second installment. As so amended § 115.28 reads as follows:

§ 115.28 Payments.

(a) Except as provided in § 115.27(b), no part of any timber sold may be cut or removed unless advance payment has been made as provided in the contract.

(b) For sales under $500 the full amount shall be paid prior to or at the time the authorized officer signs the contract. For sales of $500 or more the authorized officer may allow payment by installments as provided in the following paragraph (c) of this section.

(c) Contract installment payments shall be determined by the authorized officer as follows:

(1) *Payment in advance of cutting.* For sales under $100,000 installment payments shall be not less than 10 percent of the total purchase price. For sales of $100,000 or more installment payments shall not be less than $10,000. The first installment shall be paid prior to, or at the time the authorized officer signs the contract. The second installment shall be paid prior to the cutting or removal of the timber sold. Each subsequent installment shall be due and payable without notice when the value of the timber cut or removed equals the sum of all the payments minus the first installment.

(2) *Payment in advance of removal.* The first installment shall be paid in the same manner as provided in subparagraph (1) of this paragraph. If cutting of timber before payment of the second and subsequent installments, as provided by § 115.27(b) is permitted, the amounts of the second and subsequent installment payments shall be based on the authorized officer's determination of the value of the timber located upon the logging units. Payment shall be made for the value of the timber on each logging unit in advance of removal of any timber from such unit.

(d) The total amount of the contract purchase price must be paid prior to expiration of the original time for cutting and removal under the contract. For a cruise sale the purchaser shall not be entitled to a refund even though the amount of timber cut, removed, or designated for cutting may be less than the estimated total volume shown in the contract. For a scale sale, if it is determined after all designated timber has been cut and measured that the total payments made under the contract exceed the total value of the timber measured, such excess shall be refunded to the purchaser within 60 days after such determination is made.

4. Section 115.29 is amended to provide for coincidental expiration of the time for cutting and removal and provides that time for cutting and removal shall not exceed a period of thirty months. As so amended § 115.29 reads as follows:

§ 115.29 Time for cutting and removal.

Time for cutting and removal of timber sold shall not exceed a period of thirty months except that such time for cutting and removal may be extended as provided in § 115.30.

5. Section 115.30 is amended to conform to the provisions of § 115.29. As so amended § 115.30 reads as follows:

§ 115.30 Extension of time.

If the purchaser shows that his delay in cutting or removal was due to causes beyond his control and without his fault or negligence, the authorized officer may grant an extension of time, not to exceed one year, upon written request of the purchaser. Such written request must be received not later than thirty (30) days prior to the expiration date of the time for cutting and removal but not earlier than ninety (90) days prior thereto. Additional extensions may be granted if the purchaser submits a written request not later than thirty (30) days prior to the expiration date of an extension but not earlier than ninety (90) days prior thereto. No extension may be granted without reappraisal as provided in § 115.31.

6. Section 115.31 is amended to clarify reappraisal procedures. As so amended § 115.31 reads as follows:

§ 115.31 Reappraisal.

(a) If an extension is granted as provided in § 115.30, the timber sold shall be reappraised by the authorized officer. In making the reappraisal, the authorized officer shall use the Bureau of Land Management's prescribed procedures.

(b) For a cruise sale the timber sold remaining on the contract area shall be reappraised for the purpose of computing the reappraised total purchase price. The reappraised total purchase price shall not be less than the total purchase price established by the contract or previous extension. The reappraised total purchase price shall be paid in advance as a condition of granting an extension.

(c) For a scale sale each species of timber remaining on the contract area shall be reappraised. The reappraised unit price for each species shall be effective for the remaining life of the contract; *Provided, however,* The reappraised unit price for each species shall not be less than the unit price estab-

lished by the contract or previous extension.

(Sec. 5, 50 Stat. 875; 43 U.S.C. 1181e)

7. Section 259.1(a) is amended to change and clarify the wording of the last sentence. As so amended § 259.1(a) reads as follows:

§ 259.1 Statutory authority.

(a) The act of July 31, 1947 (61 Stat. 681), as amended by the act of July 23, 1955 (69 Stat. 367; U.S.C. 601 et seq.) authorizes the disposal of timber on public lands of the United States, if the disposal of such timber (1) is not otherwise expressly authorized by law including, but not limited to, the act of June 28, 1934 (48 Stat. 1269; 43 U.S.C. 315), as amended, and the United States mining laws, (2) is not expressly prohibited by laws of the United States, and (3) would not be detrimental to the public interest. The act authorizes the United States, its permittees, and licensees to use so much of the surface of any unpatented mining claim located under the mining laws of the United States after July 23, 1955, as may be necessary for access to adjacent land for the purposes of such permittees or licensees. Any authorized use of the surface shall be such as not to endanger or materially interfere with prospecting, mining, or processing operations or uses reasonably incident thereto.

8. Section 259.2 is amended by the addition of a new paragraph designated (h) as follows:

§ 259.2 Definitions.

* * * * *

(h) "Logging Unit" means a portion of the cutting area under contract clearly designated or marked by the authorized officer for the purpose of administering optional bonding and payment provisions of the timber sale contract. The total cutting area under contract may not be divided into less than two logging units.

9. Section 259.8(a) is amended to clarify the paragraph. As so amended § 259.8(a) reads as follows:

§ 259.8 Negotiated sales.

(a) When it is determined by the authorized officer to be in the public interest, he may sell at not less than the appraised value, without advertising or calling for bids, timber not exceeding an estimated volume of 100 M board feet and not exceeding $1,000, or, if the timber is not measured in board feet, a quantity not exceeding $1,000 in appraised value, to or for the benefit of any one person, partnership, association, or corporation in any period of twelve consecutive months.

10. Section 259.14 is amended to raise optional bonding limit to $2,500; establish $500 minimum bond on installment contracts valued from $500 to $2,500; delete the present paragraph (b) and substitute therefor provision for the optional cut against the performance bond; and provide for reducing bond below 20 percent of purchase price. As so amended § 259.14 reads as follows:

§ 259.14 Performance bonds.

(a) A minimum performance bond of not less than 20 percent of the total contract price will be required for all contracts of $2,500 or more. A minimum performance bond of not less than $500 will be required for all installment contracts less than $2,500. For cash sales less than $2,500, bond requirements, if any, will be in the discretion of the authorized officer. The performance bond may be:

(1) Bond of a corporate surety shown on the approved list issued by the United States Treasury Department and executed on an approved standard form; or

(2) Personal surety bond, executed on an approved standard form if the authorized officer determines the principals and bondsmen are capable of carrying out the terms of the contract; or

(3) Cash bond; or

(4) Negotiable securities of the United States.

(b) The authorized officer may allow the cutting of timber before payment of the second and subsequent installments as provided in this paragraph. The authorized officer shall designate logging units within the cutting area under contract and assign to them values solely for the purpose of increasing the amount of the performance bond and for payment. The purchaser shall increase the minimum performance bond required by paragraph (a) of this section by an amount equal to the value of the timber on each logging unit and shall obtain written approval of the authorized officer for the adjusted bond prior to cutting any timber on such unit. Cutting authorized in advance of payment shall be limited to one logging unit and the increased amount of the bond shall be used to assure payment for the timber on that unit. Upon payment for the timber on such unit, the increased amount may then be applied to another logging unit subject to any adjustment in the amount of the performance bond to cover the value of timber on such logging unit.

(c) As contract provisions are completed to the satisfaction of the authorized officer, he may, in his discretion, reduce the amount of the performance bond required: *Provided, however,* The amount of the performance bond shall not be reduced below the minimum required by paragraph (a) of this section until payment for the timber sold is complete.

11. Section 259.15 is amended to conform to the provisions of § 259.14(b); permit installment payments on timber sales over $500; provide for payment of total purchase price prior to original expiration date of contract; and delete provision for payment of road right of way timber in advance of payment of the second installment. As so amended § 259.15 reads as follows:

§ 259.15 Payments.

(a) Except as provided in § 259.14(b), no part of any timber sold may be cut or removed unless advance payment has been made as provided in the contract.

(b) For sales under $500 the full amount shall be paid prior to or at the time the authorized officer signs the contract. For sales of $500 or more the authorized officer may allow payment by installments as provided in the following paragraph (c) of this section.

(c) Contract installment payments shall be determined by the authorized officer as follows:

(1) *Payment in advance of cutting.* For sales under $100,000 installment payments shall be not less than 10 percent of the total purchase price. For sales of $100,000 or more installment payments shall not be less than $10,000. The first installment shall be paid prior to, or at the time the authorized officer signs the contract. The second installment shall be paid prior to the cutting or removal of the timber sold. Each subsequent installment shall be due and payable without notice when the value of the timber cut or removed equals the sum of all the payments minus the first installment.

(2) *Payment in advance of removal.* The first installment shall be paid in the same manner as provided in subparagraph (1) of this paragraph. If cutting of timber before payment of the second and subsequent installments, as provided by § 259.14(b) is permitted, the amounts of the second and subsequent installment payments shall be based on the authorized officer's determination of the value of the timber located upon the logging units. Payment shall be made for the value of the timber on each logging unit in advance of removal of any timber from such unit.

(d) The total amount of the contract purchase price must be paid prior to expiration of the original time for cutting and removal under the contract. For a cruise sale the purchaser shall not be entitled to a refund even though the amount of timber cut, removed, or designated for cutting may be less than the estimated total volume shown in the contract. For a scale sale, if it is determined after all designated timber has been cut and measured that the total payments made under the contract exceed the total value of the timber measured, such excess shall be refunded to the purchaser within 60 days after such determination is made.

12. Section 259.16 is amended to provide for coincidental expiration of the time for cutting and removal and provides that time for cutting and removal shall not exceed a period of thirty months. As so amended § 259.16 reads as follows:

§ 259.16 Time for cutting and removal.

Time for cutting and removal of timber sold shall not exceed a period of thirty months except that such time for cutting and removal may be extended as provided in § 259.17.

13. Section 259.17 is amended to conform to the provisions of § 259.16. As so amended § 259.17 reads as follows:

§ 259.17 Extension of time.

If the purchaser shows that his delay in cutting or removal was due to causes beyond his control and without his fault

or negligence, the authorized officer may grant an extension of time, not to exceed one year, upon written request of the purchaser. Such written request must be received not later than thirty (30) days prior to the expiration date of the time for cutting and removal but not earlier than ninety (90) days prior thereto. Additional extensions may be granted if the purchaser submits a written request not later than thirty (30) days prior to the expiration date of an extension but not earlier than ninety (90) days prior thereto. No extension may be granted without reappraisal as provided in § 259.18.

14. Section 259.18 is amended to clarify reappraisal procedures. As so amended § 259.18 reads as follows:

§ 259.18 Reappraisal.

(a) If an extension is granted as provided in § 259.17, the timber sold shall be reappraised by the authorized officer. In making the reappraisal, the authorized officer shall use the Bureau of Land Management's prescribed procedures.

(b) For a cruise sale the timber sold remaining on the contract area shall be reappraised for the purpose of computing the reappraised total purchase price. The reappraised total purchase price shall not be less than the total purchase price established by the contract or previous extension. The reappraised total purchase price shall be paid in advance as a condition of granting an extension.

(c) For a scale sale each species of timber remaining on the contract area shall be reappraised. The reappraised unit price for each species shall be effective for the remaining life of the contract: *Provided, however,* The reappraised unit price for each species shall not be less than the unit price established by the contract or previous extension.

(61 Stat. 681, as amended; 30 U.S.C. 601)

JOHN A. CARVER, Jr.,
Assistant Secretary of the Interior.

[F.R. Doc. 62-8745; Filed, Aug. 30, 1962; 8:46 a.m.]

Title 46—SHIPPING

Chapter II—Maritime Administration, Department of Commerce

SUBCHAPTER H—TRAINING

[General Order 24, Rev. (WSA Function Series), Supp. 2, Amdt. 5]

PART 310—MERCHANT MARINE TRAINING

Subpart C—Appointment and Training of Cadets in the United States Merchant Marine Cadet Corps

TRANSPORTATION AND TRAVEL EXPENSES

Effective July 30, 1962, § 310.63 *Transportation and travel expenses* of Subpart C is amended to read as follows:

§ 310.63 Transportation and travel expenses.

(a) *Entitlement.* Cadets of the U.S. Merchant Marine Academy are entitled to the class of transportation and accommodations authorized for Cadets of the U.S. Coast Guard or reimbursement in lieu thereof as provided in Joint Travel Regulations.

(b) *Approval of travel.* The Maritime Administrator, the Maritime Administration Personnel Officer, Superintendent, U.S. Merchant Marine Academy, and Academy Training Representatives at Coast District Offices are authorized to issue or approve travel orders for Cadets, to the extent of the cost of direct travel, within the prescribed limitations of paragraph (c) of this section.

(c) *Travel of Cadets.* Travel of Cadets may be approved as follows:

(1) From permanent place of abode, home, school, or duty station to Academy upon approval of appointment to the Academy;

(2) To proceed to, from, and between hospitals for observation and treatment;

(3) As provided in § 310.66;

(4) From Academy upon graduation or upon separation from the U.S. Merchant Marine Academy, prior to graduation, to his abode, home, or to his proper military station.

(5) Following satisfactory completion of the first year at the Academy, from the Academy to Coast District Offices and to the U.S. port where vessel of assignment is located; transfer between ports for vessel assignments; and return to the Academy; provided such transportation has not or is not being paid by the steamship company employer. Cadets may be issued transportation requests or reimbursed for such travel.

(d) *Travel while in leave status.* Cadets, other than as set forth in paragraph (c)(5) of this section, will not be reimbursed or issued transportation requests for travel while in a leave status, other than for travel in connection with observation and treatment while on sick leave.

(Sec. 204, 49 Stat. 1987, as amended: U.S.C. 1114)

Dated: August 24, 1962.

By order of the Maritime Administrator.

JAMES S. DAWSON, Jr.,
Secretary.

[F.R. Doc. 62-8741; Filed, Aug. 30, 1962; 8:46 a.m.]

Title 50—WILDLIFE AND FISHERIES

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

PART 32—HUNTING

Alaska; Wildlife Refuge Areas

The following special regulations are issued and are effective on date of publication in the FEDERAL REGISTER. The limited time ensuing from the date of the adoption of the national migratory game bird regulations to and including the establishment of State hunting seasons makes it impracticable to give public notice of proposed rule making.

§ 32.12 Special regulations; migratory game birds; for individual wildlife refuge areas.

ALASKA

ALEUTIAN ISLANDS NATIONAL WILDLIFE REFUGE

Public hunting of migratory game birds on the Aleutian Islands National Wildlife Refuge, Alaska, is permitted only on the islands of Adak, Atka, Unimak, Shemya, Attu, and Great Sitkin. A map of the area is available at the refuge headquarters, Cold Bay, Alaska, and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, all species of duck except canvasback and redheads and all species of geese except Canada or subspecies of Canada geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be whitefronted geese of subspecies thereof.

(3) Brant—daily bag and possession limit of 3.

(4) Coot—daily bag and possession limit of 15.

(5) Wilson's snipe—daily bag and possession limit of 8.

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations.

(2) Guides may be employed for hunting.

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

ARCTIC NATIONAL WILDLIFE RANGE

Public hunting of migratory game birds on the Arctic National Wildlife Range, Alaska, is permitted on all lands within

the Arctic National Wildlife Range. A map of the area is available from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, all species of ducks except canvasback and redhead and all species of geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be white-fronted or Canada geese or subspecies thereof.

(3) Brant—daily bag and possession limit of 3

(4) Coot—daily bag and possession limit of 15

(5) Wilson's snipe—daily bag and possession limit of 8

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations.

(2) Guides may be employed for hunting.

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

CLARENCE RHODE NATIONAL WILDLIFE RANGE

Public hunting of migratory game birds on the Clarence Rhode National Wildlife Range, Alaska, is permitted on all lands within the Clarence Rhode National Wildlife Range. A map of the area is available from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, little brown crane, all species of duck except canvasback and redhead and all species of geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(3) Little brown crane—from one-half hour before sunrise to sunset during the period September 1 through September 30, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be white-fronted or Canada geese or subspecies thereof.

(3) Brant—daily bag and possession limit of 3.

(4) Coot—daily bag and possession limit of 15.

(5) Wilson's snipe—daily bag and possession limit of 8.

(6) Little brown crane—daily bag of 2 and possession limit of 4.

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations.

(2) Guides may be employed for hunting.

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

IZEMBEK NATIONAL WILDLIFE RANGE

Public hunting of migratory game birds on the Izembek National Wildlife Range, Alaska, is permitted on all lands within the Izembek National Wildlife Range. A map of the area is available at the refuge headquarters, Cold Bay, Alaska, and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, all species of ducks except canvasback and redhead and all species of geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be white-fronted or Canada geese or subspecies thereof.

(3) Brant—daily bag and possession limit of 3.

(4) Coot—daily bag and possession limit of 15.

(5) Wilson's snipe—daily bag and possession limit of 8.

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations.

(2) Guides may be employed for hunting.

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

KENAI NATIONAL MOOSE RANGE

Public hunting of migratory game birds on the Kenai National Moose Range, Alaska, is permitted on all the lands within the Kenai National Moose Range. A map of the area is available at the refuge headquarters, Kenai, Alaska, and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, all species of ducks except canvasback and redhead and all species of geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be white-fronted or Canada geese or subspecies thereof.

(3) Brant—daily bag and possession limit of 3

(4) Coot—daily bag and possession limit of 15

(5) Wilson's snipe—daily bag and possession limit of 8

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations

(2) Guides may be employed for hunting

(e) Other provisions:

(1) The provisions of this special regulation supplement the regulations which govern hunting on wildlife refuge

areas generally which are set forth in Title 50, Code of Federal Regulations, Part 32.

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

KODIAK NATIONAL WILDLIFE REFUGE

Public hunting of migratory game birds on the Kodiak National Wildlife Refuge, Alaska, is permitted on all the lands within the Kodiak National Wildlife Refuge. A map of the area is available at the refuge headquarters, Kodiak, Alaska, and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, all species of ducks except canvasback and redhead and all species of geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be white-fronted or Canada geese or subspecies thereof.

(3) Brant—daily bag and possession limit of 3

(4) Coot—daily bag and possession limit of 15

(5) Wilson's snipe—daily bag and possession limit of 8

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations

(2) Guides may be employed for hunting

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

NUNIVAK NATIONAL WILDLIFE REFUGE

Public hunting of migratory game birds on the Nunivak National Wildlife Refuge, Alaska, is permitted on all of the lands within the Nunivak National Wildlife Refuge. A map of the area is available from the Regional Director, Bureau of Sport Fisheries and Wildlife, Juneau, Alaska. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Wilson's snipe, brant, coot, all species of ducks except canvasback and redhead and all species of geese.

(b) Open season:

(1) Wilson's snipe—from one-half hour before sunrise to sunset during the period September 1 through October 15, 1962.

(2) Coots, ducks, geese and brant—from one-half hour before sunrise to sunset during the period September 1 through December 14, 1962.

(c) Daily bag and possession limits:

(1) Ducks—daily bag of 5 and a possession limit of 10; in addition, a daily bag of 15 and a possession limit of 30, singly or in the aggregate of the following species are permitted: scoter, eider, harlequin, old squaw, and American and red-breasted mergansers.

(2) Geese—daily bag of 6 and a possession limit of 12, of which not more than 3 daily, singly or in the aggregate, nor more than 6 in possession, singly or in the aggregate may be white-fronted or Canada geese or subspecies thereof.

(3) Brant—daily bag and possession limit of 3.

(4) Coot—daily bag and possession limit of 15.

(5) Wilson's snipe—daily bag and possession limit of 8.

(d) Methods of hunting:

(1) As prescribed in current Federal Migratory Bird Regulations.

(2) Guides may be employed for hunting.

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to December 15, 1962.

ABRAM V. TUNISON,
Acting Director, Bureau of Sport Fisheries and Wildlife.

AUGUST 28, 1962.

[F.R. Doc. 62-8748; Filed, Aug. 30, 1962; 8:46 a.m.]

PART 32—HUNTING

Crab Orchard National Wildlife Refuge, Illinois, and Yazoo National Wildlife Refuge, Mississippi

The following special regulations are issued and are effective on date of publication in the FEDERAL REGISTER. The limited time ensuing from the date of the adoption of the national migratory game bird regulations to and including the establishment of State hunting seasons makes it impracticable to give public notice of proposed rule making.

§ 32.12 Special regulations; migratory game birds; for individual wildlife refuge areas.

ILLINOIS

CRAB ORCHARD NATIONAL WILDLIFE REFUGE

Public hunting of mourning doves on the Crab Orchard National Wildlife Refuge, Illinois, is permitted only on the area designated by signs as open to hunting. This open area, comprising approximately 12,380 acres or 28 percent of the total area of the refuge, is delineated on a map available at the refuge headquarters and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Minneapolis, Minnesota. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Mourning doves.

(b) Open season: September 1 through November 9, 1962. Shooting hours from 12 o'clock noon until sunset.

(c) Daily bag limits: 12 per day. Possession limit 24.

(d) Methods of hunting:

(1) Weapons—shotguns only; not larger than 10 gage and incapable of holding more than three shells.

(2) Dogs—not to exceed two dogs per hunter may be used to retrieve mourning doves.

(e) Other provisions:

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

(2) A Federal permit is not required to enter the public hunting area.

(3) The provisions of this special regulation are effective to November 10, 1962.

MISSISSIPPI

YAZOO NATIONAL WILDLIFE REFUGE

Public hunting of mourning doves on the Yazoo National Wildlife Refuge, Mississippi, is permitted only on the area designated by signs as open to hunting. This open area, comprising 960 acres or 35 percent of the total area of the refuge, is delineated on a map available at the refuge headquarters and from the Regional Director, Bureau of Sport Fisheries and Wildlife, Atlanta, Ga. Hunting shall be subject to the following conditions:

(a) Species permitted to be taken: Mourning doves.

(b) Open season: September 29 through October 12, 1962. Shooting hours from 12 o'clock noon until sunset.

(c) Daily bag limits: 12 per day. Possession limit 24.

(d) Methods of hunting:

(1) Weapons—shotgun only; not larger than 10 gage and incapable of holding more than three shells.

(2) Dogs—not to exceed one dog per hunter, may be used to retrieve mourning doves.

(3) Blinds—use of portable blinds permitted.

(e) Other provisions:

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

(2) No hunting will be permitted within 250 yards of any building or pastured cattle.

(3) A Federal permit is required to enter the public hunting area. Permits may be obtained by writing to the Refuge Manager, Yazoo National Wildlife Refuge, Hollandale, Mississippi, or come in

and pick up. Hunters will be required to submit a form questionnaire to be used in analysis of hunter participation and success. Forms to be made available near the hunt area.

(4) The provisions of this special regulation are effective to October 13, 1962.

ABRAM V. TUNISON,
Acting Director, Bureau of Sport Fisheries and Wildlife.

AUGUST 28, 1962.

[F.R. Doc. 62-8749; Filed, Aug. 30, 1962; 8:46 a.m.]

Proposed Rule Making

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR Part 1]

DEDUCTION FOR INVESTMENT EXPENSES OF MUTUAL FIRE AND CASUALTY INSURANCE COMPANIES

Notice of Proposed Rule Making

Pursuant to the Administrative Procedure Act, approved June 11, 1946, proposed regulations under section 822(c)(2) were published in tentative form with a notice of proposed rule making in the FEDERAL REGISTER for May 12, 1961 (26 F.R. 4102). Notice is hereby given that proposed § 1.822–5(c)(2)(ii) is hereby withdrawn.

Further, notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form in the attached appendix are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury or his delegate. Prior to the final adoption of such regulations, consideration will be given to any comments or suggestions pertaining thereto which are submitted in writing, in duplicate, to the Commissioner of Internal Revenue, Attention: T:P, Washington 25, D.C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. Any person submitting written comments or suggestions who desires an opportunity to comment orally at a public hearing on these proposed regulations should submit his request, in writing, to the Commissioner within the 30-day period. In such a case, a public hearing will be held, and notice of the time, place, and date will be published in a subsequent issue of the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

[SEAL] MORTIMER M. CAPLIN,
Commissioner of Internal Revenue.

In order to provide regulations under section 822(c)(2) of the Internal Revenue Code of 1954, relating to the deduction for investment expenses of mutual fire and casualty insurance companies, for taxable years beginning after December 31, 1954, the Income Tax Regulations (26 CFR Part 1) are amended by revising paragraph (c)(2)(ii) of § 1.822–5 to read as follows:

§ 1.822–5 Mutual insurance company taxable income.

* * * * *

(c) *Deductions from gross investment income*—* * *

(2) *Investment expenses.* * * *

(ii) Any assignment of general expenses to the investment department of a mutual insurance company subject to the tax imposed by section 821 subjects the entire deduction for investment expenses to the limitation provided in section 822(c)(2) and subdivision (iii) of this subparagraph. As used in section 822(c)(2), the term "general expenses" means any expense paid or incurred for the benefit of more than one department of the company rather than for the benefit of a particular department thereof. For example, if an expense, such as a salary, is attributable to more than one department, including the investment department, such expense may be properly allocated among these departments. If such expense is allocated, the amount properly allocable to the investment department shall be deductible as general expenses assigned to or included in investment expenses and as such shall be subject to the limitation of section 822(c)(2) and subdivision (iii) of this subparagraph. However, a company subject to the tax imposed by section 821 shall not deduct under section 822(c)(2) its real estate taxes, depreciation, or other expenses with respect to any portion of the real estate which it owns, irrespective of whether such items are properly allocable to its investment department. For the rules relating to the deductibility of these items, see section 822(c)(3) and (4) and subparagraphs (3) and (4) of this paragraph. If general expenses are in part assigned to or included in investment expenses, the maximum allowance (as determined under section 822(c)(2)) shall not be granted unless it is shown to the satisfaction of the district director that such allowance is justified by a reasonable assignment of actual expenses. The accounting procedure employed is not conclusive as to whether any assignment has in fact been made. Investment expenses do not include Federal income and excess profits taxes, if any.

[F.R. Doc. 62–8769; Filed, Aug. 30, 1962; 8:51 a.m.]

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

[50 CFR Part 290]

ISSUANCE OF CEASE AND DESIST ORDERS BY GOVERNMENT

Proposed Rules of Procedure

Notice is hereby given that pursuant to the authority vested in the Secretary of the Interior by the act of June 25, 1934 (48 Stat. 1213; 15 U.S.C. 521–522), and section 4(e) of 1939 Reorganization Plan (53 Stat. 1433), it is proposed to amend Title 50, Code of Federal Regulations, by adding a new Subchapter I as set forth below. The purpose of these amendments is to prescribe rules of procedure governing the enforcement of section 2 of the act of June 25, 1934, which provides for the issuance of cease and desist orders against associations of producers of aquatic products monopolizing or restraining trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced by reason thereof.

It is the policy of the Department of the Interior whenever practicable, to afford the public an opportunity to participate in the rule making process. Accordingly, interested persons may submit written comments, suggestions, or objections with respect to the proposed amendments to the Director, Bureau of Commercial Fisheries, Washington 25, D.C., within 30 days of the date of publication of this notice in the FEDERAL REGISTER.

Part 290, reading as follows, is added to 50 CFR, Subchapter I—Fishery Marketing Cooperatives:

Sec.
290.1 Scope of rules.
290.2 Institution of proceeding.
290.3 Complaint.
290.4 Notice of hearing.
290.5 Service of documents.
290.6 Hearing official.
290.7 Intervention.
290.8 Hearing.
290.9 Preliminary decision by hearing official.
290.10 Argument before the Secretary.
290.11 Preparation and issuance of final decision and order.

AUTHORITY: §§ 290.1 to 290.11 issued under sec. 2, 48 Stat. 1213; 15 U.S.C. 522; 1939 Reorganization Plan No. II, 53 Stat. 1433.

§ 290.1 Scope of rules.

The Act of June 25, 1934 (48 Stat. 1213; 15 U.S.C. 521–522), the functions under which were transferred to the Secretary of the Interior by 1939 Reorganization Plan No. II, hereinafter in these rules referred to as the Act, in section 2 thereof provides a remedy whereby the associations of producers of aquatic products authorized by section 1 of the Act may be ordered by the Secretary of the Interior to cease and desist from monopolizing or restraining trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced by reason thereof. These rules implement section 2 of the Act by establishing the procedure to be followed by the Secretary of the Interior or his authorized representative, hereinafter referred to in these rules as the Secretary, in the enforcement of the section. For rules governing practice generally before the Department of the Interior see Part 1 of Title 43, Code of Federal Regulations.

§ 290.2 Institution of proceeding.

(a) *Application to institute proceeding.* Any person having any information that an association of producers of aquatic products is monopolizing or restraining

trade may file with the Secretary an application requesting the institution of such proceeding as is authorized under the Act. The application shall be in writing, signed by or on behalf of the applicant, and shall include a concise statement of the facts constituting the alleged activities and the name and address of the applicant together with the name and address of the association against which the applicant complains.

(b) *Status of the applicant.* The person filing an application as described in paragraph (a) of this section shall have no legal status in the proceeding which may be instituted as a result of the application, except where the applicant may be permitted to intervene therein, in the manner hereinafter provided, or may be called as a witness, and the applicant's identity shall not be divulged except with the applicant's prior consent or upon court order.

(c) *Who may institute.* If, after investigation of the matter complained of in the application described in paragraph (a) of this section, or upon application of another Federal agency, or after investigation made on his own motion, the Secretary has reason to believe that any association organized under the provisions of the Act is engaging in monopolization or restraint of trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced by reason thereof, he will institute a proceeding. Proceedings will be instituted only upon complaint issued by the Secretary.

§ 290.3 Complaint.

(a) *Service.* The complaint shall be served upon the association by being sent by certified mail with return receipt requested to its principal place of business or by being left with a responsible person at the association's principal place of business.

(b) *Contents.* The complaint shall state in concise terms the allegations of fact which constitute a basis for the proceeding and shall require the association to show cause why an order should not be issued requiring it to cease and desist from the activities alleged therein to be in restraint of trade.

§ 290.4 Notice of hearing.

There shall also be served upon the association a notice of hearing, which shall be attached to the complaint or contained therein, and which shall specify a day and place not less than thirty days after service thereof to appear, introduce evidence, and make arguments to show cause why an order should not be made directing it to cease and desist from monopolization or restraint of trade.

§ 290.5 Service of documents.

Copies of all pleadings, briefs, memoranda, letters, and other documents filed by or on behalf of any party or which are otherwise submitted to an official conducting any part of the proceeding for consideration in connection therewith, shall be served upon all parties or their representatives in person or by certified mail.

§ 290.6 Hearing official.

The hearing for the purpose of taking evidence and hearing arguments to determine whether an order should be issued requiring the association to cease and desist from monopolization or restraint of trade shall be conducted by a hearing official designated by the Secretary. No person shall be assigned as hearing official who (a) has any pecuniary interest in the matter or business involved in the proceeding, or (b) has participated in the investigation preceding the institution of the proceeding, in the preparation of the complaint, or in the development of the evidence to be introduced in the proceeding.

§ 290.7 Intervention.

Upon written application, interested parties shall be permitted to intervene in the proceedings when the hearing official or the Secretary shall determine that the interests of justice will be served thereby.

§ 290.8 Hearing.

(a) *Departmental counsel.* The case against the association shall be presented by a Departmental counsel appointed for that purpose. The Bureau of Commercial Fisheries shall be responsible for the case against the association and the Bureau shall be considered a party within the purview of these rules.

(b) *Conduct of hearing.* Insofar as feasible, hearings shall be informal. Parties may offer oral and written evidence, subject to the exclusion by the hearing official, in his discretion, of irrelevant, immaterial, repetitious, or hearsay evidence.

(c) *Briefs.* Briefs may be submitted on behalf of interested parties at any time prior to thirty days after the termination of the hearing.

(d) *Examination of witnesses.* Attention of witnesses shall be invited to 18 U.S.C. 1001. Testimony may be received under oath or affirmation. All witnesses may be examined or cross-examined by the hearing official and by representatives of any party.

(e) *Transcript.* The hearing official shall make provision for a complete transcript of the hearing. A copy of the transcript shall be available to interested parties upon payment of a fee prescribed by the Chief Clerk of the Department of the Interior pursuant to Part 2 of Title 43, Code of Federal Regulations, or pursuant to any applicable Departmental contract covering reporting services.

§ 290.9 Preliminary decision by hearing official.

(a) *Issuance of preliminary decision.* Following the hearing and upon completion of the time allowed for filing briefs, the hearing official shall issue a decision embodying his findings of fact and conclusions of law on all issues as to whether the association monopolizes or restrains trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced thereby. The decision of the hearing official shall be made a part of the record and a copy thereof shall be served upon all parties to the proceeding.

(b) *Filing of exceptions.* Within thirty days after service of the decision of the hearing official any party to the proceeding may file with the hearing official exceptions to his decision. This document of exceptions shall set forth separately and specifically each error asserted.

(c) *Transmittal of record.* The hearing official, immediately following the period allowed for the filing of exceptions, shall transmit to the Secretary the entire record of the proceeding.

§ 290.10 Argument before the Secretary.

(a) *Oral argument.* Unless a party has included in the exceptions a request for oral argument before the Secretary or has filed a separate request for oral argument prior to the expiration of the last date for filing such exceptions, the right to such oral argument shall be deemed to have been waived.

(b) *Briefs.* The parties may file written briefs either in addition to oral argument or in lieu thereof.

(c) *Scope of argument.* Except where the Secretary determines that argument on additional issues would be helpful, argument, whether oral or on brief, shall be limited to the issues raised by the exceptions. If the Secretary determines that additional issues should be argued, the parties or their representatives shall be given reasonable notice of such determination, so as to permit preparation of adequate argument on all the issues argued.

§ 290.11 Preparation and issuance of final decision and order.

As soon as practicable after the receipt of the record from the hearing official, or in case further proceedings were had before the Secretary, as soon as practicable thereafter, the Secretary, upon the basis of and after due consideration of the record as a whole, including that of any proceedings before him, shall prepare a final decision and an order based upon the decision. If the Secretary has found that the association is engaged in monopolization or restraint of trade in interstate or foreign commerce to such an extent that the price of any aquatic product is unduly enhanced thereby, the order shall recite the facts found by him and direct such association to cease and desist from monopolization or restraint of trade. The Secretary shall cause this order to be served upon the association. On the request of the association, or if it fails and neglects for thirty days to obey such order, the Secretary shall, in accordance with the Act, file in the district court in the judicial district in which the association has its principal place of business a certified copy of the order and of all the records in the proceeding together with a petition asking that the order be enforced and shall give notice to the Attorney General and to the association of such filing.

FRANK P. BRIGGS,
Assistant Secretary of the Interior.

AUGUST 27, 1962.

[F.R. Doc. 62-8744; Filed, Aug. 30, 1962; 8:46 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 146]

PENICILLIN, STREPTOMYCIN, CHLORTETRACYCLINE, CHLORAMPHENICOL, OR BACITRACIN FOR INVESTIGATIONAL USE

Notice of Proposal To Amend Regulations

The Commissioner of Food and Drugs, pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 507(c), 59 Stat. 463 as amended; 21 U.S.C. 357(c)), and under the authority delegated to him by the Secretary of Health, Education, and Welfare (25 F.R. 8625), proposes to amend § 146.23 *Exemptions for investigational use* in the same manner and to contain the same conditions as set forth in the proposed regulations for new drugs for investigational use published in the FEDERAL REGISTER of August 10, 1962 (27 F.R. 7990). The Commissioner hereby offers an opportunity to all interested persons to submit their views in writing to the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., on or before October 9, 1962. Views and comments should be submitted in quintuplicate. Comments on the proposals to amend § § 130.3 and 146.23 will be considered simultaneously, and the final order in each case will reflect the status of each category of drugs.

Dated: August 27, 1962.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 62-8747; Filed, Aug. 30, 1962; 8:46 a.m.]

FEDERAL POWER COMMISSION

[18 CFR Part 11]

[Docket No. R-221]

COMPUTATION OF ANNUAL CHARGES FOR HEADWATER BENEFITS TO OWNERS OF NONFEDERAL HYDROELECTRIC PROJECTS

Notice of Proposed Rule Making

AUGUST 24, 1962.

1. Notice is hereby given of proposed rule making in the above-entitled matter.

2. It is proposed to amend the Commission's regulations under the Federal Power Act, which appear in Part 11—Annual Charges, of Subchapter B—Regulations under the Federal Power Act, of Chapter I—Federal Power Commission, Title 18—Conservation of Power, of the Code of Federal Regulations so as to provide for the first time criteria to be used in computing the annual billings for headwater benefits pursuant to section 10(f) of the Federal Power Act. The proposed regulations are as specifically set forth below.

3. Two billing rules are proposed: One for headwater storage reservoirs at which there are at-site generating facilities, § 11.27(a); and a second for headwater storage reservoirs at which there are no at-site generating facilities, § 11.27(b).

4. Section 11.27(a) relating to reservoirs at which there are at-site generating facilities apportions average annual charges for interest, maintenance and depreciation of the headwater improvement to the at-site and downstream plants in direct proportion to the respective power gains from storage during the critical period. After the initial bill is determined, the same bill will be submitted annually until there is a change in the development of the river basin or a substantial change in the costs to be apportioned under section 10(f).

5. Section 11.27(b) relating to reservoirs at which there are no at-site generating facilities, contemplates that, generally, such a reservoir is operated primarily for purposes other than power, such as flood control or irrigation. The benefits at downstream power plants attributable to such a reservoir are usually incidental to the operation of the reservoir for its primary purposes, and they have little, if any, relationship to storage releases during the critical period. For example, the downstream power benefits from flood control storage usually occur during periods of high stream flow. The proposed rule requires the making of an initial estimate of the average annual value of power gains attributable to the headwater reservoir. The average annual value of the power gains would then be used in apportioning the section 10(f) annual charges of the headwater improvement to the respective project purposes, including downstream power. This method of computing payments would make it unnecessary to estimate annually the actual power gains, and the value thereof, attributable to the headwater storage reservoir.

6. It should be noted that the would be prescribed foregoing methods of determining the annual charges for headwater benefits for the purpose of billing only § 11.28 would apply if the billing is protested and a hearing requested. In such event, the Commission would not be limited to the methods set forth in § 11.27, but could use any method of determining the equitable portion of the annual charges of the headwater improvement found applicable under the facts in the particular case. In this regard, § 11.31(b) provides that where the owner of a project receiving headwater benefits requests a hearing, the burden of proof will be on such owner to show that the amount billed exceeds the value of the power benefits received.

7. The amendments to the Commission's regulations under the Federal Power Act herein described and as set forth below are proposed to be issued under the authority granted the Federal Power Commission by the Federal Power Act particularly sections 10(f) and 309 thereof (49 Stat. 842, 858; 16 U.S.C. 803 (f), 825h).

8. Any person may submit to the Federal Power Commission, Washington 25, D.C., not later than October 16, 1962, data, views, comments and suggestions in writing concerning the proposed addition to the regulations under the Federal Power Act. An original and nine conformed copies of any such submittals should be filed. The Commission will consider any such written submittals before acting on the proposed regulations.

JOSEPH H. GUTRIDE,
Secretary.

1. Present §§ 11.25 *Effective date* and 11.26 *Adjustment of annual charges*, shall be renumbered §§ 11.29 and 11.30.

§ 11.25 Headwater benefits.

Annual charges will be assessed or determined and fixed by the Commission against the owners of non-Federal power projects directly benefited by the construction of a storage reservoir or other headwater improvement of the United States or its licensees or permittees for an equitable part of the annual charges for interest, maintenance, and depreciation on such reservoir or other headwater improvement. When used in §§ 11.26 and 11.27 the term "critical period" shall mean the period during which conservation storage at reservoirs in the basin would be released for power production, assuming a recurrence of the most adverse streamflow conditions of record.

§ 11.26 Information to be submitted concerning headwater benefits.

In order to facilitate annual assessments for headwater benefits, necessary data available to the affected parties shall be filed with the Commission each year on or before the last day of the third month following the close of the calendar year or their established fiscal year.

(a) *Data to be supplied by the owner or operator of each storage reservoir of the United States or its licensees or permittees at which there are at-site generating facilities.* (1) Name and location of the storage project, including name of stream on which located.

(2) Total name plate rating of installed generating capacity of the project expressed in kilowatts.

(3) Total storage capacity of the reservoir and a breakdown to show the amount of dead storage, conservation storage, flood control storage, etc.

(4) Copy of rule curves and agreements governing the release of water from the reservoir, including a statement of their effective dates and the extent to which downstream power developers are assured of storage releases during the critical period.

(5) The critical period and the amount of storage that would be withdrawn from the reservoir during the critical period.

(6) An estimate of the amount of electric energy that would be produced during the critical period at the at-site plant from at-site storage.

(7) An estimate of the total electric energy that would be produced during the critical period at the at-site plant from natural flow and from storage at-site and upstream.

(8) Investment costs:

(i) The total investment cost of the headwater improvement project at the close of the year.

(ii) The investment cost of the dam and reservoir at the close of the year.

(iii) The allocation of such investment cost of the dam and reservoir to power and to each of the other project purposes, such as flood control, navigation, irrigation, etc.

(iv) The cost of land included in the investment cost of the dam and reservoir allocated to power.

(9) Annual costs:

(i) Total annual cost of the dam and reservoir.

(ii) Annual cost of interest, maintenance, and depreciation on the dam and reservoir (each item shown separately). Show the annual interest rate and the rate and method used to compute the depreciation charge.

(iii) Estimated long-term average of the annual costs requested in subdivision (i) and (ii) of this subparagraph, stating the period used in obtaining the averages.

(b) *Data to be supplied by the owner or operator of each storage reservoir of the United States or its licensees or permittees at which there are no at-site generating facilities.* (1) Name and location of reservoir, including name of stream on which located.

(2) Copy of rule curves and agreements governing the release of water from the reservoir, including a statement of their effective dates and the extent to which downstream power developers are assured of storage releases.

(3) Also the information requested under paragraph (a) (3), (8) and (9) of this section.

(c) *Data to be supplied by the owner of each hydroelectric power plant, having an installed capacity greater than 2,000 horsepower, downstream from a headwater storage reservoir at which there are at-site generating facilities.* (1) Name and location of the hydroelectric power plant, including the name of the stream on which located.

(2) Total name plate rating of the installed generating capacity of the plant expressed in kilowatts.

(3) The estimated average net head at each plant during the critical period.

(4) The estimated average over-all water use in cubic feet per second per kilowatt, corresponding to the estimated average net head during the critical period.

(d) *Data to be supplied by the owner of each hydroelectric power plant, having an installed capacity greater than 2,000 horsepower, downstream from a headwater storage reservoir at which there are no at-site generating facilities.* (1) Name and location of the hydroelectric power plant, including the name of the stream on which located.

(2) Total name plate rating of the installed generating capacity of the plant expressed in kilowatts.

§ 11.27 Computation of headwater benefits charges for billing purposes.

Annual charges will be assessed or determined and fixed by the Commission without a hearing against each owner or owners of a non-Federal power project, having an installed capacity in excess of 2000 horsepower, which is directly benefited by the construction of a storage reservoir or other headwater improvement of the United States or its licensees or permittees on the following basis:

(a) Whenever power generating facilities are installed at such headwater storage reservoir or improvement:

The average annual cost of interest, maintenance, and depreciation on the dam and reservoir of each headwater improvement project, to be borne by power both at-site and downstream, is to be apportioned to storage and head functions. The amount of such cost to be apportioned to the storage function shall be determined by multiplying such total cost by the ratio of the average power (at-site and downstream) from at-site storage during the critical period to the sum of the average power (at-site and downstream) from at-site storage during the critical period and the total average power at-site (from natural flow and from at-site and upstream storage) during the critical period. The amount of such annual cost of the headwater improvement thus apportioned to the storage function shall be apportioned to the at-site power plant and to each downstream plant in direct proportion to the average power from at-site storage at each plant during the critical period. The average annual cost thus apportioned to a downstream power plant shall be the annual payment to be made for headwater benefits.

(b) Whenever power generating facilities are not installed at such headwater storage reservoir or improvement:

The average annual power gains at each downstream plant will be estimated. The total estimated value of such power gains will be used in allocating the average annual costs of interest, maintenance, and depreciation on the headwater improvement project to power and other purposes. The average annual costs thus apportioned to power shall be apportioned to each downstream plant in direct proportion to the value of the average annual power gain at each plant. The average annual cost thus apportioned to each downstream power plant shall be the annual payment to be made for headwater benefits.

§ 11.28 Assessment of headwater benefit charges after hearing.

In the event annual charges are assessed or determined and fixed by the Commission against the owner or owners of a downstream power plant after a hearing requested by the downstream owner pursuant to § 11.31(b) the Commission need not allocate the annual costs of interest, maintenance, and depreciation on the dam and reservoir of the headwater improvement to the various purposes served by the headwater improvement. Such annual costs shall be equitably apportioned among the power plants benefited and the annual cost thus apportioned to each downstream power plant shall be the annual payment to be made for headwater benefits: *Provided,* That the amount so assessed shall not exceed the value of the power benefits received by the owner of the power project.

2. The present § 11.27 *Payment of charges,* shall be renumbered and amended to read as follows:

§ 11.31 Time for payment, protest or request for hearing.

(a) *Payment of charges.* Annual charges shall be paid within 30 days of rendition of a bill therefor by the Commission except that persons located outside the continental limits of the United States shall be allowed a period of 45 days after rendition of the bill.

(b) *Protest or request for hearing.* Any protest against the assessment or determination by the Commission of the amount of any annual charge, or request for a hearing thereon, must be filed within 30 days from the date of the billing. At any hearing which is requested by the owner of a downstream plant in connection with annual charges for headwater benefits, the burden of proof will be on such owner to show that the amount billed exceeds the value of the total power benefits received.

(c) *Penalties.* In case of failure on the part of any person to pay annual charges within the periods specified in paragraph (a) of this section, a penalty of 5 percent of the total amount so delinquent is assessed and added to the total charges which shall apply for the first month or part of month so delinquent with an additional penalty of 3 percent for each full month thereafter until the charges and penalties are satisfied in accordance with law: *Provided, however,* That for good cause shown, the Commission may, by order, waive any penalty imposed by this paragraph.

[F.R. Doc. 62-8742; Filed, Aug. 30, 1962; 8:46 a.m.]

Notices

DEPARTMENT OF THE TREASURY

Comptroller of the Currency

AMERICAN NATIONAL BANK OF RAPID CITY ET AL.

Notice of Decision Granting Application To Consolidate

On June 15, 1962, the $47.5 million American National Bank of Rapid City, Rapid City, South Dakota, the $4.3 million Western National Bank of Rapid City, and the $1.5 million Rapid City Trust Company, applied to the Comptroller of the Currency for permission to consolidate under the charter of the former and with the title, "American National Bank and Trust Company."

On August 24, 1962, the Comptroller of the Currency granted this application, effective on or after August 31, 1962.

Copies of this decision are available on request to the Comptroller of the Currency, Washington 25, D.C.

Dated: August 29, 1962.

[SEAL] A. J. FAULSTICH,
Administrative Assistant to the Comptroller of the Currency.

[F.R. Doc. 62-8764; Filed, Aug. 30, 1962; 8:50 a.m.]

CONESTOGA NATIONAL BANK OF LANCASTER AND LITITZ SPRINGS NATIONAL BANK

Notice of Decision Granting Application To Merge

On June 26, 1962, the $37.3 million Conestoga National Bank of Lancaster, Lancaster, Pennsylvania, and the $8.5 million Lititz Springs National Bank, Lititz, Pennsylvania, applied to the Comptroller of the Currency for permission to merge under the title and charter of the former.

On August 24, 1962, the Comptroller of the Currency granted this application, effective on or after August 31, 1962.

Copies of this decision are available on request to the Comptroller of the Currency, Washington 25, D.C.

Dated: August 29, 1962.

[SEAL] A. J. FAULSTICH,
Administrative Assistant to the Comptroller of the Currency.

[F.R. Doc. 62-8765; Filed, Aug. 30, 1962; 8:50 a.m.]

NATIONAL BANK AND TRUST COMPANY OF CENTRAL PENNSYLVANIA AND CITIZENS TRUST COMPANY OF HARRISBURG

Notice of Decision Granting Application To Merge

On June 14, 1962, the $130.4 million National Bank and Trust Company of Central Pennsylvania, York, Pennsylvania, applied to the Comptroller of the Currency to merge under its charter and title the $7.8 million Citizens Trust Company of Harrisburg, Harrisburg, Pennsylvania.

On August 24, 1962, the Comptroller of the Currency granted this application, effective on or after August 31, 1962.

Copies of this decision are available on request to the Comptroller of the Currency, Washington 25, D.C.

Dated: August 29, 1962.

[SEAL] A. J. FAULSTICH,
Administrative Assistant to the Comptroller of the Currency.

[F.R. Doc. 62-8766; Filed, Aug. 30, 1962; 8:50 a.m.]

Office of the Secretary

[Dept. Circ. 570, 1962 Rev. Supp. No. 6]

SOUTHWEST CASUALTY INSURANCE CO.

Acceptable Surety on Federal Bonds

AUGUST 28, 1962.

A Certificate of Authority has been issued by the Secretary of the Treasury to the following company under the Act of Congress approved July 30, 1947, 6 U.S.C., secs. 6–13, as an acceptable surety on Federal bonds.

An underwriting limitation of $90,000.00 has been established for the company. Further details as to the extent and localities with respect to which the company is acceptable as surety on Federal bonds will appear in the next revision of Department Circular 570, to be issued as of May 1, 1963. Copies of the circular, when issued, may be obtained from the Treasury Department, Bureau of Accounts, Surety Bonds Branch, Washington 25, D.C.

State in Which Incorporated; Name of Company; and Location of Principal Executive Office

Arkansas; Southwest Casualty Insurance Co.; Chicago, Ill.

[SEAL] JOHN K. CARLOCK,
Fiscal Assistant Secretary.

[F.R. Doc. 62-8767; Filed, Aug. 30, 1962; 8:50 a.m.]

DEPARTMENT OF DEFENSE

Office of the Secretary

DIRECTOR, PERSONNEL OFFICE, ET AL.

Redelegation of Administrative Authorities for Civil Defense Functions

REFERENCES: (a) Department of Defense Organizational Statement, Assistant Secretary of Defense (Civil Defense), filed September 13, 1961 (26 F.R. 8604, as amended by Change 1 thereto published at 27 F.R. 905). (b) Delegation of Administrative Authorities for Civil Defense Functions dated January 20, 1962 (27 F.R. 903), as amended (27 F.R. 5749; 27 F.R. 7686; and by a redelegation dated August 17, 1962).

The following redelegations of authority are hereby approved:

1. *Director, Personnel Office.* Pursuant to the authority vested in the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) by reference (b) the Director, Personnel Office, or in his absence, the person acting for him, is hereby delegated, subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DOD policies, directives, and instructions and pertinent OSD regulations, authority as required in the administration and operation of the Office of Civil Defense and its subordinate activities to:

(a) Exercise the powers vested in the Secretary of Defense by section 204 of the National Security Act of 1947, as amended (5 U.S.C. 171d), section 12 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 22a), and sections 401(a) and 403(b) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2253 (a) and (b)), pertaining to the employment, direction and general administration of civilian personnel of the Office of Civil Defense and its subordinate activities.

(b) Fix rates of pay for wage board employees exempted from the Classification Act by section 202(7) of that Act on the basis of prevailing rates for comparable jobs in the locality where the Office of Civil Defense or each subordinate activity is located. The Assistant Secretary of Defense (Civil Defense), in fixing such rates, shall follow the wage schedule established by the local wage board.

(c) Employ such part-time advisors as approved by the Secretary of Defense for the performance of civil defense functions pursuant to the provisions of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2253(b)) and Executive Order 10242, dated May 8, 1951 (16 F.R. 4262), as appropriate, or 10 U.S.C. 173, 5 U.S.C. 55a, and the Agreement between the DOD and the Civil Service Commission on employment of experts and consultants, dated July 22, 1959.

(d) Administer oaths of office incident to entrance into the Executive Branch of the Federal Government or any other oath required by law in connection with employment therein, in accordance with the provisions of the Act of June 26, 1943 (5 U.S.C. 16a), and section 403(b) of the Federal Civil Defense Act of 1950, as amended (50 U.S.C. App. 2255(b)), and designate in writing, as may be necessary, officers and employees of the Office of Civil Defense and its subordinate activities to perform this function.

(e) Establish an Office of Civil Defense Incentive Awards Board and pay

cash awards to and incur necessary expenses for the honorary recognition of civilian employees of the Government whose suggestions, inventions, superior accomplishments, or other personal efforts, including special acts or services, benefit or affect the Office of Civil Defense or its subordinate activities in accordance with the provisions of the Act of September 1954 (5 U.S.C. 2123) and Civil Service Regulations.

2. *Director, Security Office.* Pursuant to the authority vested in the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) by reference (b) the Director, Security Office, or in his absence, the person acting for him is hereby delegated, subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DOD policies, directives, and instructions and pertinent OSD regulations, authority as required in the administration and operation of the Office of Civil Defense and its subordinate activities to:

(a) In accordance with the provisions of the Act of August 26, 1950, as amended (5 U.S.C. 22–1); Executive Order 10450, dated April 27, 1953, as amended; and DOD Directive 5210.7, dated August 12, 1953 (as revised):

(1) Designate any position in the Office of Civil Defense and its subordinate activities as a "sensitive" position;

(2) Authorize in case of an emergency, the appointment of a person to a sensitive position in the Office of Civil Defense and its subordinate activities for a limited period of time for whom a full field investigation or other appropriate investigation including the National Agency Check, has not been completed; and

(3) Authorize the suspension, but not the termination of the services of an employee in the interest of national security in positions within the Office of Civil Defense and its subordinate activities.

(b) Clear civil defense personnel and such other individuals as may be appropriate for access to classified Defense material and information in accordance with the provisions of DOD Directive 5210.8, dated June 29, 1955 (as revised), "Policy on Investigation and Clearance of Department of Defense Personnel for Access to Classified Defense Information" and of Executive Order 10501, dated November 5, 1953, as amended.

(c) Promulgate the necessary security regulations for the protection of property and places under the jurisdiction of the Assistant Secretary of Defense (Civil Defense), pursuant to paragraphs IIIA and VB of DOD Directive 5200.8, dated August 20, 1954, and section 403(a) of the Federal Civil Defense Act of 1950; as amended (50 U.S.C. App. 2255(a)).

3. *Director, Personnel Office; Director, Procurement Services Office; Director, Management Office; and the Staff Secretary.* Pursuant to the authority vested in the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) by reference (b) the Director, Personnel Office; Director, Procurement Services; Director, Management Office; and Staff Secretary, or in their absence, the persons acting for them are hereby delegated, subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DOD policies, directives, and instructions and pertinent OSD regulations, authority as required in the administration and operation of the Office of Civil Defense and its subordinate activities to authorize and approve overtime work for civilian officers and employees of the Office of Civil Defense and its subordinate activities in accordance with the provisions of section 25.221 of the Federal Employee Pay Regulations.

4. *Staff Secretary.* Pursuant to the authority vested in the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) by reference (b) the Staff Secretary, or in his absence, the person acting for him is hereby delegated, subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DOD policies, directives, and instructions, and pertinent OSD regulations, authority as required in the administration and operation of the Office of Civil Defense and its subordinate activities to:

(a) Authorize and approve:

(1) Travel for civilian officers and employees in connection with civil defense activities in accordance with the Standardized Government Travel Regulations, as amended (BOB Circular A–7, revised).

(2) Temporary duty travel only for military personnel assigned or detailed to the Office of Civil Defense or its subordinate activities in accordance with Joint Travel Regulations for the Uniformed Services dated April 1, 1951, as amended;

(3) Invitational travel to persons serving without compensation whose consultive, advisory, or other highly specialized technical services are required in a capacity that is directly related to or in connection with civil defense activities, pursuant to the provisions of section 5 of the Administrative Expenses Act of 1946, as amended (5 U.S.C. 73b–2). This authority cannot be redelegated.

(b) Develop, establish, and maintain an active and continuing Records Management Program for the Office of Civil Defense and its subordinate activities, pursuant to the provisions of section 506 (b) of the Federal Records Act of 1950 (44 U.S.C. 396(b)).

(c) Maintain, for assigned civil defense functions, and appropriate publications system for the promulgation of regulations, instructions, and reference documents, and changes thereto, pursuant to the policies and procedures prescribed in DOD Directive 5025.1, dated March 7, 1961.

5. *Director, Procurement Services Office.* Pursuant to the authority vested in the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) by reference (b) the Director, Procurement Services Office, or in his absence, the person acting for him is hereby delegated, subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DOD policies, directives, and instructions and pertinent OSD regulations, authority as required in the administration and operation of the Office of Civil Defense and its subordinate activities to:

(a) Authorize the publication of advertisements, notices, or proposals in newspapers, magazines, or other public periodicals as required for the effective administration and operation of the Office of Civil Defense and its subordinate activities (44 U.S.C. 324).

(b)(1) Establish and maintain appropriate Property Accounts for Civil Defense property, equipment and supplies for which the Assistant Secretary of Defense (Civil Defense) is assigned responsibility;

(2) Appoint Boards of Survey, approve reports of survey, relieve personal liability, and drop accountability for civil defense property contained in the authorized Property Accounts that has been lost, damaged, stolen, destroyed, or otherwise rendered unserviceable, in accordance with applicable laws and regulations.

(c) Enter into contracts for supplies, equipment and services for civil defense purposes and subject to the limitation contained in section 2311, Chapter 137, Title 10 U.S.C., to make the necessary determinations and findings required under that chapter. To the maximum practicable extent, procurement of supplies and equipment will be accomplished through established military procurement agencies.

(d) Enter into support and service agreements with the military departments, other DOD agencies, or other Governmental agencies as required for the effective performance of assigned civil defense responsibilities and functions.

6. *Director, Management Office.* Pursuant to the authority vested in the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) by reference (b) the Director, Management Office, or in his absence, the person acting for him is hereby delegated, subject to the direction, authority, and control of the Secretary of Defense, and in accordance with DOD policies, directives, and instructions and pertinent OSD regulations, authority as required in the administration and operation of the Office of Civil Defense and its subordinate activities to establish, for assigned civil defense functions, an appropriate publications system for the promulgation of regulations, instructions, and reference documents, and changes thereto, pursuant to the policies and procedures prescribed in DOD Directive 5025.1, dated March 7, 1961.

Existing redelegations by the Director, Administrative Services of authority contained in section 1 of reference (b) are continued in effect until modified or revoked by the Executive Assistant to the Assistant Secretary of Defense (Civil Defense) except that references in section 2 of a redelegation of authority published at 27 F.R. 7747 to the Director and Deputy Director, Procurement Services Division are deemed to refer to the Procurement Services office and the $100,000 limitation on approval of expenditures placed upon the Director and Deputy

Director, Procurement Services Office, is removed.

This redelegation of Administrative Authorities for Civil Defense Functions is effective immediately.

Dated this 18th day of August 1962.

ROBERT E. HOLT,
Executive Assistant to the Assistant Secretary of Defense (Civil Defense).

[F.R. Doc. 62-8760; Filed, Aug. 30, 1962; 8:50 a.m.]

ATOMIC ENERGY COMMISSION

[Docket No. 27-29]

RADIOLOGICAL SERVICE CO., INC.

Notice of Proposed Amendment of Byproduct, Source and Special Nuclear Material License

Please take notice that Radiological Service Company, Inc., 811 West Merrick Road, Valley Stream, New York, holder of License No. 31-1672-1, which authorizes the receipt, storage and disposal of waste byproduct, source and special nuclear material by shipment to the AEC-designated land burial site at Oak Ridge, Tennessee, has applied for an amendment which would authorize the receipt and storage of radioactive waste material at a new site located at 11-16 44th Avenue, Long Island City, New York.

The Atomic Energy Commission has reviewed the application for amendment and proposes to grant the amendment subject to appropriate limitations, unless within fifteen (15) days after filing of this notice with the Office of the Federal Register, a petition to intervene and a request for a formal hearing are filed with the Commission in the manner prescribed in Title 10, Code of Federal Regulations, Chapter I, Part 2, rules of practice, or unless the Commission upon further consideration, directs the holding of such a hearing on its own motion.

The application for license amendment and a memorandum prepared by the Division of Licensing and Regulation which summarizes the considerations evaluated prior to the issuance of this notice of proposed licensing action are available for inspection at the Commission's Public Document Room, 1717 H Street NW., Washington 25, D.C. Copies of the memorandum referenced above may also be obtained by request addressed to the Commission's Public Document Room, 1717 H Street NW., Washington 25, D.C. or to the Atomic Energy Commission, Washington 25, D.C., Attention: Director, Division of Licensing and Regulation.

The text of the proposed amendment is set forth below.

Dated at Germantown, Md., August 24, 1962.

For the Atomic Energy Commission.

R. LOWENSTEIN,
Director, Licensing and Regulation.

[License No. 31-1672-1 (C63); Amdt. 16]

In accordance with application dated May 21, 1962, and amendment thereto dated June 29, 1962 (hereinafter referred to as the application), License No. 31-1672-1 is amended as follows:

Condition 4 is amended to read as follows:

4. Except as specifically authorized otherwise in this license, the licensee shall receive, store and transfer byproduct, source and special nuclear material in accordance with statements, representations and procedures contained in his applications dated August 26, 1958, August 29, 1958, October 27, 1958, September 14, 1959, January 5, 1960, August 23, 1960, September 2, 1960, October 10, 1960, November 30, 1960, March 27, 1962, May 15, 1962, May 21, 1962, June 4, 1962, and June 29, 1962.

Condition 6 is amended to read as follows:

6. Byproduct, source and special nuclear material shall be stored at the facilities of Radiological Service Company, Inc., 28-22A Astoria Boulevard, Long Island City, New York, and/or 11-16 44th Avenue, Long Island City, New York.

Date of issuance:

For the Atomic Energy Commission.

[F.R. Doc. 62-8738; Filed, Aug. 30, 1962; 8:45 a.m.]

[Docket No. 50-62]

UNIVERSITY OF VIRGINIA

Notice of Issuance of Amendment to Utilization Facility License

Please take notice that the Atomic Energy Commission has issued Amendment No. 3, set forth below, to Facility License No. R-66. The license authorizes the University of Virginia (the licensee) to operate its pool-type nuclear reactor (the reactor) located on its campus in Charlottesville, Virginia. The amendment authorizes the licensee to conduct a broad irradiation program in the reactor as described in the licensee's application for license amendment dated February 22, 1962.

The Commission has found that:

(1) Operation of the reactor, including conduct of the broad irradiation program, in accordance with the license as amended will not present undue hazard to the health and safety of the public and will not be inimical to the common defense and security;

(2) The application for amendment complies with the requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in Title 10, Chapter I, CFR;

(3) Prior public notice of proposed issuance of this amendment is not necessary in the public interest since operation of the reactor, including conduct of the broad irradiation program, in accordance with the license, as amended, will not present any substantial change in the hazards to the health and safety of the public from those considered and evaluated in connection with the previously approved operation.

Within fifteen days from the date of publication of this notice in the FEDERAL REGISTER, the licensee may file a request for a hearing, and any person whose interest may be affected by this proceeding may file a petition for leave to intervene. Requests for a hearing and petitions to intervene shall be filed in accordance with the provisions of the Commission's rules of practice (10 CFR Part 2). If a request for a hearing or a petition for leave to intervene is filed within the time prescribed in this notice, the Commission will issue a notice of hearing or an appropriate order.

For further details with respect to this amendment see (1) the hazards analysis prepared by the Division of Licensing and Regulation and (2) the licensee's application for license amendment dated February 22, 1962, both of which are available for public inspection at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C. A copy of item (1) above may be obtained at the Commission's Public Document Room or upon request addressed to the Atomic Energy Commission, Washington, D.C., Attention: Director, Division of Licensing and Regulation.

Dated at Germantown, Md., this 23d day of August 1962.

For the Atomic Energy Commission.

ROBERT H. BRYAN,
Chief, Research and Power Reactor Safety Branch, Division of Licensing and Regulation.

[License No. R-66; Amdt. 3]

Facility License No. R-66, as amended, which authorizes University of Virginia (the licensee) to operate its pool-type nuclear reactor (the reactor) located on its campus in Charlottesville, Virginia, is hereby further amended to authorize the conduct in the reactor of the broad irradiation program described in the licensee's application for license amendment dated February 22, 1962.

The activities in the broad irradiation program shall be conducted in accordance with the provisions of License No. R-66, as amended, and the licensee's application for license amendment dated February 22, 1962, provided, however, that in the event of any conflict between any limitation included in the licensee's application for license amendment dated February 22, 1962, and the provisions of the Commission's regulation, "Standards for Protection Against Radiation", 10 CFR Part 20, the provisions of 10 CFR Part 20 shall control.

This amendment is effective as of the date of issuance.

Date of issuance: August 23, 1962.

For the Atomic Energy Commission.

EDSON G. CASE,
Assistant Director for Facilities Licensing, Division of Licensing and Regulation.

[F.R. Doc. 62-8739; Filed, Aug. 30, 1962; 8:45 a.m.]

[Docket No. 50-57]

WESTERN NEW YORK NUCLEAR RESEARCH CENTER, INC.

Notice of Issuance of Facility License Amendment

Please take notice that the Atomic Energy Commission has issued Amendment No. 4, set forth below, to Facility License No. R-77. The license, as previously amended, authorizes Western New York Nuclear Research Center, Inc., to possess and operate the nuclear reactor facility located on the campus of The University of Buffalo at Buffalo, New York. This amendment authorizes Western New York Nuclear Research Center, Inc., to install and use a uranium

fission plate in their nuclear reactor facility as described in the licensee's application for license amendment dated July 10, 1962.

The Commission has found that:

(1) Operation of the reactor in accordance with the license as amended will not present undue hazard to the health and safety of the public and will not be inimical to the common defense and security;

(2) The application for amendment complies with the requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in Title 10, Chapter I, CFR;

(3) Prior public notice of proposed issuance of this amendment is not necessary in the public interest since operation of the reactor in accordance with the license, as amended, will not present any substantial change in the hazards to the health and safety of the public from those considered and evaluated in connection with the previously approved operation.

Within fifteen days from the date of publication of this notice in the FEDERAL REGISTER, the licensee may file a request for a hearing, and any person whose interest may be affected by this proceeding may file a petition for leave to intervene. Requests for a hearing and petitions to intervene shall be filed in accordance with the provisions of the Commission's rules of practice (10 CFR Part 2). If a request for a hearing or a petition for leave to intervene is filed within the time prescribed in this notice, the Commission will issue a notice of hearing or an appropriate order.

For further details with respect to this amendment see (1) the hazards analysis prepared by the Research and Power Reactor Safety Branch of the Division of Licensing and Regulation and (2) the licensee's application for license amendment dated July 10, 1962, both of which are available for public inspection at the Commission's Public Document Room, 1717 H Street NW., Washington, D.C. A copy of item (1) above may be obtained at the Commission's Public Document Room or upon request addressed to the Atomic Energy Commission, Washington, D.C., attention: Director, Division of Licensing and Regulation.

Dated at Germantown, Md., this 24th day of August 1962.

For the Atomic Energy Commission.

ROBERT H. BRYAN,
Chief, Research and Power Reactor Safety Branch, Division of Licensing and Regulation.

[License No. R-77; Amdt. 4]

License No. R-77, as amended, which authorizes Western New York Nuclear Research Center, Inc., to possess and operate the nuclear reactor located on the campus of The University of Buffalo at Buffalo, New York, is hereby further amended as follows:

1. Western New York Nuclear Research Center, Inc., is authorized to install and use a uranium fission plate in their nuclear reactor facility as described in their application for amendment dated July 10, 1962.

Date of issuance: August 24, 1962.

For the Atomic Energy Commission.

ROBERT H. BRYAN,
Chief, Research and Power Reactor Safety Branch, Division of Licensing and Regulation.

[F.R. Doc. 62-8740; Filed, Aug. 30, 1962; 8:46 a.m.]

CIVIL AERONAUTICS BOARD

[Docket 13728]

EASTERN NORTH CAROLINA AREA AIRLINE SERVICE AIRPORT INVESTIGATION

Notice of Prehearing Conference

Notice is hereby given, pursuant to the provisions of the Federal Aviation Act of 1958, as amended, that a prehearing conference in the above-entitled proceeding is assigned to be held on October 5, 1962, at 10 a.m., e.d.s.t., in Room 911, Universal Building, Connecticut and Florida Avenues NW., Washington, D.C., before Examiner William J. Madden.

Dated at Washington, D.C., August 28, 1962.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F.R. Doc. 62-8771; Filed, Aug. 30, 1962; 8:51 a.m.]

[Docket 13743]

NORTH CENTRAL AREA AIRLINE SERVICE AIRPORT INVESTIGATION

Notice of Prehearing Conference

Notice is hereby given, pursuant to the provisions of the Federal Aviation Act of 1958, as amended, that a prehearing conference in the above-entitled proceeding is assigned to be held on October 2, 1962, at 10 a.m., e.d.s.t., in Room 911, Universal Building, Connecticut and Florida Avenues NW., Washington, D.C., before Examiner Edward T. Stodola.

Dated at Washington, D.C., August 28, 1962.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F.R. Doc. 62-8772; Filed, Aug. 30, 1962; 8:51 a.m.]

FEDERAL MARITIME COMMISSION

GALLAGHER & ASCHER CO.

Notice of Agreements Filed for Approval

Notice is hereby given that the following agreements have been filed with the Federal Maritime Commission for approval pursuant to section 15 of the Shipping Act, 1916, as amended.

Agreement No. 8992, between Gallagher & Ascher Co., Chicago, Illinois, and San Diego Traffic Services, San Diego, California, provides for the completion and processing of shipping documents by the San Diego forwarder on shipments referred to it by the Chicago forwarder. For these services San Diego Traffic Services will receive half the ocean brokerage plus specified services fees.

Agreement No. 8994, between George N. Leininger Co., Inc., New Orleans, Louisiana, and Schaefer & Krebs, Inc., New York, New York, is a reciprocal arrangement under which the parties will perform freight forwarding services for each other. Ocean brokerage will be equally divided, and the entire forwarding fee retained by the party performing the work.

All four parties to these two agreements are independent ocean freight forwarders eligible to carry on the business of forwarding pursuant to section 44, Shipping Act, 1916.

Interested persons may inspect these agreements and obtain copies thereof at the Bureau of Domestic Regulation, Federal Maritime Commission, Washington 25, D.C., or at the Commission's field offices at:

45 Broadway, New York 4, N.Y.
701 Loyola Street, New Federal Building, P.O. Box 52948, New Orleans 50, La.
180 New Montgomery Street, San Francisco, Calif.

They may submit, within twenty days after publication of this notice in the FEDERAL REGISTER, written statements with reference to them, and their position as to approval, disapproval, or modification thereof, together with request for hearing should such hearing be desired.

Dated: August 28, 1962.

By order of the Federal Maritime Commission.

THOMAS LISI,
Secretary.

[F.R. Doc. 62-8759; Filed, Aug. 30, 1962; 8:50 a.m.]

FEDERAL POWER COMMISSION

[Docket No. E-7050]

IOWA SOUTHERN UTILITIES CO.

Notice of Application

AUGUST 28, 1962.

Take notice that on August 22, 1962 an application was filed with the Federal Power Commission, pursuant to section 204 of the Federal Power Act, by Iowa Southern Utilities Company (Applicant), a corporation organized under the laws of the State of Delaware, qualified to do business as a foreign corporation in the States of Iowa and Illinois, and doing business in the State of Iowa, with its principal place of business at Centerville, Iowa, seeking authorization to issue $4,900,000 principal amount of First Mortgage Bonds ___ percent Series due 1992. Applicant proposes to issue the aforesaid Bonds under its presently existing Indenture dated February 1, 1923, executed by Applicant to The

Northern Trust Company and Harold H. Rockwell, as Trustees, as heretofore supplemented and as to be further supplemented by a Supplemental Indenture to be dated as of September 1, 1962. The Bonds, to be dated September 1, 1962, will be sold at competitive bidding and will bear interest at the rate per annum to be fixed by competitive bidding. Applicant states that the net proceeds from the sale of the new Bonds will be used to redeem its presently outstanding First Mortgage Bonds, 5¾ percent Series, due August 1, 1987, in the principal amount of $4,900,000 plus a call premium of 5.35 percent and accrued interest to date of redemption, which Applicant believes will result in a lower rate of interest and a substantial saving to Applicant in annual cost of money.

Any person desiring to be heard or to make any protest with reference to said application should on or before the 11th day of September, 1962, file with the Federal Power Commission, Washington 25, D.C., petitions or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10). The application is on file and available for public inspection.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 62-8763; Filed, Aug. 30, 1962; 8:50 a.m.]

[Docket No. G-3708 etc.]

FOREST OIL CORP.

Order Amending Orders Issuing Certificates of Public Convenience and Necessity, Substituting Applicant in Certificate Applications and Respondent in Rate Proceedings, Accepting and Redesignating FPC Gas Rate Filings, Accepting Successor's Agreements and Undertakings and Redesignating Rate Proceedings, and Making Suspended Rate Effective

AUGUST 24, 1962.

In the matter of Forest Oil Corporation (Successor to C. L. McMahon, Inc.), Docket Nos. G-3708, G-10379, G-15425, G-18250, CI61-392, CI61-583, and CI61-584, RI60-63, RI60-400 and RI61-31; and Forest Oil Corporation (Successor to Inland Producers Company), G-18239.

On February 19, 1962, Forest Oil Corporation (Forest) filed two petitions requesting, respectively, the amendment of the certificate authorizations heretofore issued to C. L. McMahon, Inc. (McMahon) in Docket Nos. G-3708, G-10379, G-15425 and CI61-583, and the pending certificate applications filed by McMahon in Docket Nos. G-18250, CI61-392 and CI61-584, together with the outstanding temporary authorizations therein, by substituting Forest for McMahon as certificate holder or applicant in said dockets; and the amendment of the pending certificate application filed by Inland Producers Company (Inland) in Docket No. G-18239, together with the outstanding temporary authorization therein, by substituting Forest for Inland in said docket.

Also on February 19, 1962, Forest and McMahon, jointly, filed a motion in Docket Nos. RI60-63, RI60-400 and RI61-31 to substitute Forest for McMahon as party respondent in each of said rate proceeding dockets.

The foregoing filings of February 19, 1962, show that by two Indentures of Conveyance, each dated as of December 1, 1961, Forest acquired all of the interests of McMahon and Inland, respectively, in natural gas producing properties subject to the jurisdiction of the Commission and assumed all of the obligations, contractual and otherwise, of McMahon and Inland pertaining thereto.

It appears that the acquisition by Forest of the properties and obligations of McMahon and Inland will have no adverse effect on the ultimate consumers of the gas involved.

Concurrently with the filings of February 19, 1962, Forest filed notices of succession to McMahon's eight active rate schedules and to Inland's one active rate schedule, and duly-executed instruments of agreement and undertaking whereby Forest assumed the obligations of McMahon in Docket Nos. RI60-63, RI60-400 and RI61-31.

The proposed increased rates in Docket Nos. RI60-400 and RI61-31 were made effective, subject to refund, under agreements and undertakings duly filed by McMahon, on August 31, 1960, and January 8, 1961, respectively. The proposed increased rates in Docket No. RI60-63 have never been made effective. Forest's filing of its agreement and undertaking in said Docket No. RI60-63 will be accepted for filing as a motion to make the rate contained therein effective as of February 19, 1962.

It would appear that the proceedings in Docket Nos. RI60-400 and RI61-31 should be redesignated so as to make both assignor and assignee parties to said proceedings, thus continuing McMahon's obligation to refund excess charges that may be determined to have been collected prior to Forest's acquisition.

The Commission finds:

(1) It is in the public interest and appropriate in carrying out the provisions of the Natural Gas Act to amend, as hereinafter ordered and conditioned, the outstanding certificate authorizations, the pending certificate applications and the outstanding temporary authorizations of McMahon and Inland by substituting Forest for McMahon and Inland, as hereinbefore set forth.

(2) Forest Oil Corporation should be substituted for C. L. McMahon, Inc. as respondent in Docket Nos. RI60-63, RI60-400 and RI61-31, the proceedings therein should be appropriately redesignated, Forest's agreements and undertakings in said proceedings should be accepted for filing and the rate suspended in Docket No. RI60-63 should be made effective, subject to refund, as of February 19, 1962.

(3) Further, Forest's notices of succession filed on February 19, 1962, should be accepted for filing and the related filed rate schedules of McMahon and Inland should be appropriately redesignated to reflect Forest's succession thereto.

The Commission orders:

(A) The orders of the Commission issuing certificates of public convenience and necessity in Docket Nos. G-3708 (Docket Nos. G-6405, et al., isssued November 20, 1952), G-10379 (Docket Nos. G-8754, et al., issued July 29, 1957), G-15425 (Docket Nos. G-10688, et al., issued February 9, 1960) and CI61-583 (Docket Nos. G-14986, et al., issued September 20, 1961) be and the same are hereby amended by substituting Forest Oil Corporation for C. L. McMahon, Inc. as certificate holder therein.

(B) The pending certificate applications and the outstanding temporary authorizations in Docket Nos. G-18250, CI61-392 and CI61-584 be and the same are hereby amended by substituting Forest Oil Corporation for C. L. McMahon, Inc. as applicant and temporary authorization holder therein, and the pending certificate application and outstanding temporary authorization in Docket No. G-18239 be and the same are hereby amended by substituting Forest Oil Corporation for Inland Producers Company as applicant and temporary authorization holder therein.

(C) The agreements and undertakings filed by Forest Oil Corporation on February 19, 1962, in the proceedings in Docket Nos. RI60-63, RI60-400 and RI61-31, to assume the duties and obligations under agreements and undertakings heretofore filed by C. L. McMahon, Inc. are hereby accepted for filing, with the understanding that C. L. McMahon, Inc. shall continue to be responsible for any refunds which may be found necessary as to sales prior to the succession of Forest Oil Corporation in Docket Nos. RI60-400 and RI61-31.

(D) The rate, charge and classification heretofore suspended in Docket No. RI60-63 are hereby made effective, subject to refund under the agreement and undertaking filed by Forest Oil Corporation therein, as of February 19, 1962.

(E) The related rate filings of February 19, 1962, by Forest Oil Corporation listed below are hereby accepted and the respective predecessor rate schedules redesignated as shown. Such acceptance for filing shall not be construed as constituting approval by this Commission of any service, rate, charge, classification, nor any rule, regulation or practice affecting such service or rate; nor shall this order be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the Applicants involved. Further, in the event that any document comprising the listed rate schedules was executed on or after April 3, 1961, and contains provisions either therein or by adoption of the terms and provisions of other agreements, for a change in rate

other than those permitted by § 154.93 of the Commission's regulations under the Natural Gas Act, such rate change provisions shall be inoperative and of no effect at law and any tendered rate change under such provisions will be rejected.

Docket No.; Predecessor and Prior Rate Schedule Designation; and Successor Rate Schedule Designation

G–3708; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 6; Forest Oil Corporation FPC Gas Rate Schedule No. 22 and Supplement Nos. 1–3, inclusive.

G–10379; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 4; Forest Oil Corporation FPC Gas Rate Schedule No. 19 and Supplement No. 1.

G–15425; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 3; Forest Oil Corporation FPC Gas Rate Schedule No. 20 and Supplement Nos. 1–4, inclusive.

G–18250; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 5; Forest Oil Corporation FPC Gas Rate Schedule No. 21.

CI61–392; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 7; Forest Oil Corporation FPC Gas Rate Schedule No. 25 and Supplement Nos. 1 and 2.

CI61–583; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 8; Forest Oil Corporation FPC Gas Rate Schedule No. 23.

CI61–584; C. L. McMahon, Inc. FPC Gas Rate Schedule No. 9; Forest Oil Corporation FPC Gas Rate Schedule No. 24 and Supplement Nos. 1 and 2.

G–18239; Inland Producers Company FPC Gas Rate Schedule No. 1; Forest Oil Corporation FPC Gas Rate Schedule No. 18.

By the Commission.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 62–8743; Filed, Aug. 30, 1962; 8:46 a.m.]

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator

ACTING DIRECTOR FOR NORTHWEST OPERATIONS, REGION VI

Designation

1. The officers appointed to the following listed positions in the Office of the Director for Northwest Operations, Region VI, are hereby designated to serve as Acting Director for Northwest Operations, Region VI, during the absence of the Director for Northwest Operations, with all the powers, functions, and duties redelegated or assigned to the Director, provided that no officer is authorized to serve as Acting Director for Northwest Operations unless all other officers whose titles precede his in this designation are unable to act by reason of absence:

(a) Deputy Director for Northwest Operations;

(b) Area Engineer;

(c) Area Finance Officer.

2. This designation supersedes the designation effective July 4, 1962 (27 F.R. 6350, July 4, 1962).

(Administrator's delegation effective May 4, 1962 (27 F.R. 4319, May 4, 1962))

Effective as of the 31st day of August 1962.

[SEAL] J. G. MELVILLE,
Regional Administrator,
Region VI.

[F.R. Doc. 62–8768; Filed, Aug. 30, 1962; 8:50 a.m.]

TARIFF COMMISSION

[AA1921–24]

SHEET GLASS FROM CZECHOSLOVAKIA

Notice of Investigation

Having received advice from the Assistant Secretary of the Treasury on August 20, 1962 that Glass, Sheet, in Jalousie Louvre Sizes, from Czechoslovakia is being, or is likely to be, sold in the United States at less than fair value, the United States Tariff Commission has instituted an investigation under section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), to determine whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

No hearing in connection with this investigation has been ordered. If a hearing is ordered, due notice of the time and place will be given. In this connection, interested parties are referred to § 208.4 of the Commission's rules of practice and procedure (19 CFR 208.4) which provides that interested parties may within 15 days after the date of publication of this notice in the FEDERAL REGISTER request that a public hearing be held, stating reasons for the request.

Any interested party may submit to the Commission a written statement of information pertinent to the subject matter of this investigation. Fifteen clear copies of such statement should be submitted. Information which an interested party desires to submit in confidence should be submitted on separate pages each clearly marked "Submitted in Confidence". Written statements must be filed not later than September 30, 1962.

Issued: August 28, 1962.

By order of the Commission.

DONN N. BENT,
Secretary.

[F.R. Doc. 62–8758; Filed, Aug. 30, 1962; 8:49 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice No. 687]

MOTOR CARRIER TRANSFER PROCEEDINGS

AUGUST 28, 1962.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 179), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC–FC 64899. By order of August 24, 1962, the Transfer Board approved the transfer to Interline Motor Freight, Inc., Galesburg, Ill., of Certificate No. MC 59622 issued May 15, 1950 to James M. Ratcliffe, doing business as Ratcliffe Trucking Service, Kewanee, Ill., authorizing the transportation over irregular routes, of general commodities, excluding commodities in bulk and household goods, between Bettendorf, and Davenport, Iowa, on the one hand, and, on the other Carbon Cliff, East Moline, Moline, Milan, Rock Island, and Silvis, Ill., malt beverages, from Milwaukee, Wis., to Rock Island, Ill., and Davenport, Iowa; from Monroe, Wis., to Davenport, Iowa, and empty malt beverages containers, on return; brick, title (tile) and clay products, other than pottery, from Galesburg and Streator, Ill., to points in that part of Iowa on and east of U.S. Highway 69; cement building products, from Davenport, Iowa, to specified area in Illinois; butter, from Peoria, Ill., to Racine and Milwaukee, Wis., canned goods, from points in Wisconsin to Peoria, Ill., malt liquor beverages and still and carbonated non-intoxicating beverages, from Waukesha and Milwaukee, Wis., to Peoria, Ill., empty containers on return; and dairy machinery and creamery supplies, from Milwaukee, Wis., to Peoria, Ill. Thomas F. Roche, 111 West Washington Street, Chicago 2, Ill., attorney for applicants.

No. MC–FC 65149. By order of August 24, 1962, the Transfer Board approved the transfer to Active Express Co., a Corporation, Jersey City, N.J., of Certificate No. MC 116798, issued August 25, 1959, to Aragona Trucking Co., a Corporation, Jersey City, N.J., authorizing the transportation of: General commodities, excluding household goods, commodities in bulk, and other specified commodities, between Hoboken, N.J., on the one hand, and, on the other, points in New Jersey within 25 miles of City Hall, New York, N.Y. George A. Olsen, 69 Tonnele Avenue, Jersey City 6, N.J., representative for applicants.

No. MC–FC 65295. By order of August 24, 1962, the Transfer Board approved the transfer to Beauseigneur Moving & Storage Corp., New York, N.Y., of Certificate No. MC 112639, issued April 28, 1960, to Emil Beauseigneur, doing business as Beauseigneur Moving and Storage, New York, N.Y., authorizing the transportation of household goods, between New York, N.Y., on the one hand, and, on the other, points in Connecticut, New Jersey, and Pennsylvania, and between New York, N.Y., on the one hand,

and, on the other, points in Rhode Island and New York. Morris Honig, 150 Broadway, New York 38, N.Y., applicants' attorney.

[SEAL] HAROLD D. McCOY, *Secretary.*

[F.R. Doc. 62-8753; Filed, Aug. 30, 1962; 8:48 a.m.]

[Drouth Order Nos. 60-62]

KENTUCKY, MISSOURI, PENNSYLVANIA, NEW JERSEY, AND NEW YORK

Drouth Orders; Extension of Expiration Dates

In the matter of Relief under section 22 of the Interstate Commerce Act; Amendment No. 3 to Drouth Order No. 60, Amendment No. 1 to Drouth Order No. 61, Amendment No. 1 to Drouth Order No. 62.

It appearing, that due to the drouth conditions existing in the States of Kentucky, Missouri, Pennsylvania, New Jersey, and New York, the Commission issued its Drouth Orders Nos. 60, 61, and 62, and as amended, under section 22 of the Interstate Commerce Act authorizing the railroads subject to the Commission's jurisdiction to transport livestock feed and hay to the drouth area at reduced rates;

And it further appearing, that the United States Department of Agriculture has requested the Commission to enter an order extending the expiration dates of the orders to March 31, 1963:

It is ordered, That the expiration dates of October 23, 1962, November 20, 1962, and November 23, 1962, appearing in the first ordering paragraphs of Drouth Orders Nos. 60, 61, and 62, respectively, be, and they are hereby, changed so that the authority therein granted extends to and includes March 31, 1963.

It is further ordered, That in all other respects Drouth Orders Nos. 60, 61, and 62, and as amended, shall remain in full force and effect.

And it is further ordered, That notice to the affected railroads and the general public shall be given by depositing a copy of this order in the Office of the Secretary of the Commission and by filing a copy with the Director, Office of the Federal Register; and that copies be mailed to the Chairman of the Traffic Executive Association—Eastern Railroads, New York, N.Y., the Chairman of the Southern Freight Association, Atlanta, Georgia, the Chairman of the Executive Committee, Western Traffic Association, Chicago, Illinois, the Traffic Vice-President of the Association of American Railroads, Washington, D.C., and to the President of the American Short Line Railroad Association, Washington, D.C.

Dated at Washington, D.C., this 27th day of August A.D. 1962.

By the Commission, Chairman Murphy.

[SEAL] HAROLD D. McCOY, *Secretary.*

[F.R. Doc. 62-8762; Filed, Aug. 30, 1962; 8:50 a.m.]

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