

and methods by which adequate levels of safety and security are to be obtained.

(f) *Enforcement.* In accordance with the general regulations in § 165.13 of this part, no person may cause or authorize the operation of a vessel in the regulated navigation area contrary to the provisions of this section.

Dated: December 27, 2005.

**D.B. Peterman,**

*Rear Admiral, U.S. Coast Guard, Commander, Seventh Coast Guard District.*

[FR Doc. E6-654 Filed 1-20-06; 8:45 am]

BILLING CODE 4910-15-P

## DEPARTMENT OF DEFENSE

### Department of the Army, Corps of Engineers

#### 33 CFR Part 207

RIN 0710-AA62

#### Navigation Regulations

**AGENCY:** U.S. Army Corps of Engineers, DoD.

**ACTION:** Proposed rule; withdrawal.

**SUMMARY:** The U.S. Army Corps of Engineers (Corps) is withdrawing the proposed rule published on May 25, 2005 (70 FR 30042) which proposed to establish a procedure for modifying the scheduled operational hours at the Lake Washington Ship Canal, Hiram M. Chittenden Locks in Seattle, Washington. The proposed rule would have permitted the District Engineer to change the scheduled operational hours of the locks following issuance of a public notice and after providing a 30-day comment period for any proposed change. The Corps has determined that there is no present need to implement changes in the operation of the Hiram M. Chittenden Locks. The Corps intends to initiate rulemaking in the future if circumstances necessitate instituting a change in the schedule or other parameters of Locks operation.

**DATES:** The proposed rule is withdrawn as of January 23, 2006.

**FOR FURTHER INFORMATION CONTACT:** Mr. John Post, Operations Manager, Hiram M. Chittenden Locks, at (206) 789-2622; or Ms. Andrea Takash, Public Affairs Office, (206) 764-3760.

Dated: January 12, 2006.

**Gerald W. Barnes,**

*Chief, Operations, Directorate of Civil Works.*

[FR Doc. E6-708 Filed 1-20-06; 8:45 am]

BILLING CODE 3710-92-P

## DEPARTMENT OF DEFENSE

### Defense Acquisition Regulations System

#### 48 CFR Parts 201, 205, 211, 216, 217, 219, 223, 225, 228, 232, 236, 237, and 252

[DFARS Case 2004-D022]

RIN 0750-AF16

#### Defense Federal Acquisition Regulation Supplement; Inflation Adjustment of Acquisition-Related Thresholds

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

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

**SUMMARY:** DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to adjust acquisition-related thresholds for inflation. Section 807 of the National Defense Authorization Act for Fiscal Year 2005 requires periodic adjustment of statutory acquisition-related dollar thresholds for inflation, except those established by the Davis-Bacon Act, the Service Contract Act, or trade agreements. This proposed rule also amends other acquisition-related thresholds that are based on policy rather than statute.

**DATES:** Comments on the proposed rule should be submitted in writing to the address shown below on or before March 24, 2006, to be considered in the formation of the final rule.

**ADDRESSES:** You may submit comments, identified by DFARS Case 2004-D022, using any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: [dfars@osd.mil](mailto:dfars@osd.mil). Include DFARS Case 2004-D022 in the subject line of the message.
- Fax: (703) 602-0350.
- Mail: Defense Acquisition Regulations System, Attn: Ms. Amy Williams, OUSD(AT&L)DPAP(DARS), IMD 3C132, 3062 Defense Pentagon, Washington, DC 20301-3062.
- Hand Delivery/Courier: Defense Acquisition Regulations System, Crystal Square 4, Suite 200A, 241 18th Street, Arlington, VA 22202-3402.

Comments received will be posted without change to <http://www.regulations.gov>, including any personal information provided.

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

**SUPPLEMENTARY INFORMATION:**

### A. Background

This proposed rule implements Section 807 of the National Defense Authorization Act for Fiscal Year 2005 (Pub. L. 108-375). Section 807 provides for adjustment of statutory acquisition-related dollar thresholds every 5 years, except for those established by the Davis-Bacon Act, the Service Contract Act, or trade agreements. This case presented an opportunity to review all acquisition-related dollar thresholds, including those that are non-statutory. The proposed rule published at 70 FR 73415 on December 12, 2005 (FAR Case 2004-033), contained comparable changes to acquisition-related dollar thresholds in the FAR.

#### *Definition of Acquisition-Related Threshold*

The statute defines an acquisition-related threshold as a dollar threshold that is specified in law as a factor in defining the scope of the applicability of a policy, procedure, requirement, or restriction provided in that law to the procurement of property or services by an executive agency, as determined by the FAR Council. The statute also impacts acquisition-related thresholds in the DFARS, since the DFARS is part of the FAR System. Acquisition-related thresholds are generally tied to the value of a contract, subcontract, or modification. Examples of thresholds that are not viewed as "acquisition-related" are thresholds relating to claims, penalties, withholding, payments, required levels of insurance, small business size standards, and liquidated damages.

#### *Acquisition-Related Thresholds Not Subject to Escalation Adjustment Under This Proposed Rule*

The statute does not permit escalation of acquisition-related thresholds established by the Davis Bacon Act, the Service Contract Act, or trade agreements. Additionally, the statute does not authorize the escalation of thresholds set by Executive order or by the implementing agency, unless the Executive order or agency regulations are first amended.

#### *Analysis of Statutory Acquisition-Related Thresholds*

A matrix showing the thresholds reviewed in preparation of this proposed rule is available at <http://www.acq.osd.mil/dpap/dars/dfars/changenotice/index.htm#2004-D022>. The statute requires adjustment of acquisition-related thresholds for inflation using the Consumer Price Index (CPI) for all-urban consumers. Acquisition-related thresholds in

statutes that were in effect on October 1, 2000, are subject to 5 years of inflation. For purposes of this proposed rule, the matrix includes calculation of escalation based on the CPI from December 1999 to December 2004 (the most recent available data when the proposed rule was in preparation), which calculates as 13.07 percent. Acquisition-related thresholds in statutes that took effect after October 1, 2000, are escalated proportionately for the number of months between the effective date of the statute and October 1, 2005. The final rule will be adjusted to the actual CPI data for October 2000 through October 2005.

After the escalation factor is applied to the acquisition-related threshold, the threshold must be rounded as follows:

< \$10,000—Nearest \$500  
 \$10,000—<\$100,000—Nearest \$5,000  
 \$100,000—<\$1,000,000—Nearest \$50,000  
 \$1,000,000 or more—Nearest \$500,000

At the current rate of inflation, this means that thresholds of \$1,000, \$10,000, \$100,000, and \$1,000,000, although subject to inflation calculation, will not actually be changed until 2010, because the inflation is insufficient to overcome the rounding requirements.

#### *Analysis of Non-Statutory Acquisition-Related Thresholds*

No statutory authorization is required to escalate thresholds that were set as policy within the DFARS. Policy acquisition-related thresholds have been escalated using the same formula applied to the statutory thresholds.

#### *Further Explanation of Proposed Changes*

**217.170–217.174.** The thresholds relating to economic order quantity (\$20 million), unfunded contingent liability (\$20 million), and multiyear contracts for systems or components (\$500 million) are repeated annually in the Defense Appropriations Act and, therefore, cannot be escalated unless correspondingly increased in the Appropriations Act. The \$500 million threshold relating to multiyear contracts for services does not appear in the annual appropriations acts and, therefore, is proposed for escalation. The \$100 million threshold relating to a contract cancellation ceiling does not appear in annual appropriations acts, but was the basis for additional requirements in Section 814 of the National Defense Authorization Act for Fiscal Year 2005 (Pub. L. 108–375). Therefore, the \$100 million threshold is not proposed for escalation.

**223.803(2).** This text is proposed for deletion, as it applies only to contracts

awarded before June 1, 1993, and the underlying statute has been repealed.

**228.102–1.** The threshold of \$25,000 is proposed for escalation to \$30,000, for consistency with the proposed change to FAR 28.102–1 published at 70 FR 73415 on December 12, 2005. The \$100,000 threshold at 228.102–1(1) was not implemented until June 2003, and, therefore, is not proposed for escalation.

**232.404(a)(9).** This threshold was increased from \$500 to \$2,500 in the final DFARS rule published at 70 FR 75412 on December 20, 2005. The threshold is now proposed for escalation to \$3,000, for consistency with the micro-purchase threshold of \$3,000 included in the proposed FAR rule published at 70 FR 73415 on December 12, 2005.

**237.170–2.** This approval requirement implements Section 801(b) of the National Defense Authorization Act for Fiscal Year 2002 (Pub. L. 107–107), but the threshold is not set by statute. The threshold of \$50 million was derived from the justification and approval (J&A) threshold for DoD senior procurement executive approval at FAR 6.304(a)(4). This J&A threshold is now \$75 million and was proposed for escalation to \$77.5 million in the proposed FAR rule published at 70 FR 73415 on December 12, 2005. Therefore, this proposed rule includes a corresponding increase at DFARS 237.170–2.

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

### **B. Regulatory Flexibility Act**

DoD does not expect this rule to have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because the adjustment of acquisition-related dollar thresholds is intended to keep pace with inflation and thus maintain the status quo. Therefore, DoD has not performed an initial regulatory flexibility analysis. DoD invites comments from small businesses and other interested parties. DoD also will consider comments from small entities concerning the affected DFARS subparts in accordance with 5 U.S.C. 610. Such comments should be submitted separately and should cite DFARS Case 2004–D022.

### **C. Paperwork Reduction Act**

The proposed changes to the DFARS do not impose any new information collection requirements that require the approval of the Office of Management and Budget (OMB) under 44 U.S.C.

3501, *et seq.* The information collection requirements of the provision and clauses at 252.225–7003, 252.225–7004, and 252.225–7006 are approved for use through May 31, 2007, under OMB Clearance Number 0704–0229.

### **List of Subjects in 48 CFR Parts 201, 205, 211, 216, 217, 219, 223, 225, 228, 232, 236, 237, and 252**

Government procurement.

**Michele P. Peterson,**

*Editor, Defense Acquisition Regulations System.*

Therefore, DoD proposes to amend 48 CFR parts 201, 205, 211, 216, 217, 219, 223, 225, 228, 232, 236, 237, and 252 as follows:

1. The authority citation for 48 CFR parts 201, 205, 211, 216, 217, 219, 223, 225, 228, 232, 236, 237, and 252 continues to read as follows:

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

### **PART 201—FEDERAL ACQUISITION REGULATIONS SYSTEM**

2. Section 201.109 is added to read as follows:

#### **201.109 Statutory acquisition-related dollar thresholds-adjustment for inflation.**

(d) A matrix showing calculation of the most recent escalation adjustments of statutory acquisition-related dollar thresholds is available at PGI 201.109.

### **PART 205—PUBLICIZING CONTRACT ACTIONS**

#### **205.303 [Amended]**

3. Section 205.303 is amended by removing “\$5 million” and adding in its place “\$5.5 million” as follows:

a. In paragraph (a)(i) introductory text, in the first and second sentences;

b. In paragraph (a)(i)(A), in the second sentence; and

c. In paragraph (a)(i)(B), in the first and second sentences.

### **PART 211—DESCRIBING AGENCY NEEDS**

#### **211.503 [Amended]**

4. Section 211.503 is amended in paragraph (b), in the first and second sentences, by removing “\$500,000” and adding in its place “\$550,000”.

### **PART 216—TYPES OF CONTRACTS**

#### **216.203–4 [Amended]**

5. Section 216.203–4 is amended in paragraph (c)(2), in the first sentence, by removing “\$50,000” and adding in its place “\$55,000”.

**PART 217—SPECIAL CONTRACTING METHODS**

6. Section 217.170 is amended by revising paragraph (d)(1)(i) to read as follows:

**217.170 General.**

\* \* \* \* \*

(d)(1) \* \* \*

(i) Exceed \$500 million for supplies (see 217.172(c) and 217.172(e)(4)) or \$565.5 million for services (see 217.171(a)(6));

\* \* \* \* \*

**217.171 [Amended]**

7. Section 217.171 is amended in paragraph (a)(6) by removing “\$500 million” and adding in its place “\$565.5 million”.

**PART 219—SMALL BUSINESS PROGRAMS****219.502–2 [Amended]**

8. Section 219.502–2 is amended in paragraph (a)(i) by removing “\$2 million” and adding in its place “\$2.5 million”.

**PART 223—ENVIRONMENT, ENERGY AND WATER EFFICIENCY, RENEWABLE ENERGY TECHNOLOGIES, OCCUPATIONAL SAFETY, AND DRUG-FREE WORKPLACE**

9. Section 223.803 is revised to read as follows:

**223.803 Policy.**

No DoD contract may include a specification or standard that requires the use of a class I ozone-depleting substance or that can be met only through the use of such a substance unless the inclusion of the specification or standard is specifically authorized at a level no lower than a general or flag officer or a member of the Senior Executive Service of the requiring activity in accordance with Section 326, Public Law 102–484 (10 U.S.C. 2301 (repealed) note). This restriction is in addition to any imposed by the Clean Air Act and applies after June 1, 1993, to all DoD contracts, regardless of place of performance.

**PART 225—FOREIGN ACQUISITION****225.7204 [Amended]**

10. Section 225.7204 is amended as follows:

a. In paragraphs (a) and (b) by removing “\$10 million” and adding in its place “\$11.5 million”; and

b. In paragraph (c) by removing “\$500,000” and adding in its place “\$550,000”.

**PART 228—BOND INSURANCE****228.102–1 [Amended]**

11. Section 228.102–1 is amended in the second sentence of the introductory text and in paragraph (1) by removing “\$25,000” and adding in its place “\$30,000”.

**PART 232—CONTRACT FINANCING****232.404 [Amended]**

12. Section 232.404 is amended in paragraph (a)(9) by removing “\$2,500” and adding in its place “\$3,000”.

**232.502–1 [Amended]**

13. Section 232.502–1 is amended in paragraph (b)(1) by removing “\$50,000” and adding in its place “\$55,000”.

**PART 236—CONSTRUCTION AND ARCHITECT-ENGINEER CONTRACTS****236.601 [Amended]**

14. Section 236.601 is amended in paragraph (1)(ii) by removing “\$500,000” and adding in its place “\$550,000”.

**PART 237—SERVICE CONTRACTING****237.170–2 [Amended]**

15. Section 237.170–2 is amended in paragraphs (a)(1) and (2) by removing “\$50,000,000” and adding in its place “\$77.5 million”.

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

16. Section 252.209–7004 is amended by revising the clause date and paragraph (a) to read as follows:

**252.209–7004 Subcontracting with firms that are owned or controlled by the government of a terrorist country.**

\* \* \* \* \*

**Subcontracting With Firms That Are Owned or Controlled by the Government of a Terrorist Country (XXX 2006)**

(a) Unless the Government determines that there is a compelling reason to do so, the Contractor shall not enter into any subcontract in excess of \$30,000 with a firm, or a subsidiary of a firm, that is identified in the Excluded Parties List System as being ineligible for the award of Defense contracts or subcontracts because it is owned or controlled by the government of a terrorist country.

\* \* \* \* \*

**252.225–7003 [Amended]**

17. Section 252.225–7003 is amended as follows:

a. By revising the clause date to read “(XXX 2006)”;

b. In paragraph (b)(1) by removing “\$10 million” and adding in its place “\$11.5 million”; and

c. In paragraph (b)(2)(i) by removing “\$500,000” and adding in its place “\$550,000”.

**252.225–7004 [Amended]**

18. Section 252.225–7004 is amended as follows:

a. By revising the clause date to read “(XXX 2006)”;

b. In paragraph (b)(1) by removing “\$500,000” and adding in its place “\$550,000”.

**252.225–7006 [Amended]**

19. Section 252.225–7006 is amended as follows:

a. By revising the clause date to read “(XXX 2006)”;

b. In paragraph (f)(1) by removing “\$500,000” and adding in its place “\$550,000”.

**252.232–7009 [Amended]**

20. Section 252.232–7009 is amended as follows:

a. By revising the clause date to read “(XXX 2006)”;

b. By removing “\$2,500” and adding in its place “\$3,000”.

**252.249–7002 [Amended]**

21. Section 252.249–7002 is amended as follows:

a. By revising the clause date to read “(XXX 2006)”;

b. In paragraph (d)(1) by removing “\$500,000” and adding in its place “\$550,000”.

[FR Doc. E6–701 Filed 1–20–06; 8:45 am]

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**DEPARTMENT OF DEFENSE****48 CFR Part 225**

[DFARS Case 2005–D012]

RIN 0750–AF21

**Defense Acquisition Regulations System; Defense Federal Acquisition Regulation Supplement; Foreign Acquisition Procedures**

**AGENCY:** Defense Acquisition Regulations System, Department of Defense (DoD).

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

**SUMMARY:** DoD is proposing to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to delete text addressing internal DoD procedures pertaining to foreign