

facilitate the entry of new competitors to the provision of these services, many of whom will be small businesses seeking to acquire a smaller amount of spectrum at a reduced cost. Additionally, allowing disaggregation of spectrum in any amount will also promote participation by small businesses who may seek to acquire a smaller amount of cellular spectrum tailored to meet the needs of their proposed service.

E. Significant Alternatives Considered and Rejected

15. We considered and rejected several alternative proposals concerning partitioning and disaggregation:

- We considered and rejected the option of continuing to disallow disaggregation of cellular spectrum. We concluded that permitting disaggregation would promote competition and further regulatory symmetry, and that there were no technical or other constraints that would make cellular disaggregation either impractical or administratively burdensome.

- We declined to establish any minimum amount of spectrum that can be disaggregated. We concluded that allowing flexibility in disaggregation would promote more efficient use of spectrum and permit deployment of a wider array of services.

- We declined to allow additional flexibility in our cellular partitioning rules. We concluded that our existing rules are sufficiently flexible so as not to place cellular licensees at a competitive disadvantage compared to other CMRS, and that additional flexibility would be inconsistent with our cellular unserved area rules.

- We declined to apply a new license term to partitioned license areas or disaggregated spectrum. We found that allowing parties to "re-start" their license term would effectively allow a licensee to extend its license term and could lead to circumvention of our license term rules.

F. Report to Congress

16. We shall include a copy of this Final Regulatory Flexibility Analysis, along with this Second Report and Order, in a report to be sent to Congress pursuant to the Small Business Regulatory Enforcement Fairness Act of 1996, 5 U.S.C. 801(a)(1)(A). A copy of this Final Regulatory Flexibility Analysis will also be published in the **Federal Register**.

G. Ordering Clauses

17. Accordingly, pursuant to the authority of sections 4(i), 257, 303(g), 303(r), and 332(a) of the

Communications Act of 1934, as amended, 47 U.S.C. 154(i), 257, 303(g), 303(r), and 332(a), part 22 of the Commission's Rules, 47 CFR 22.1, *et seq.*, *Is Amended* as set forth in the rule changes.

18. The rules adopted herein will become effective July 13, 2000. This action is taken pursuant to sections 4(i), 303(r), and 309(j) of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 303(r), 309(j).

List of Subjects in 47 CFR Part 22

Radio.

Federal Communications Commission.

Magalie Roman Salas,
Secretary.

Rule Changes

For the reasons set forth in the preamble, the Federal Communications Commission amends 47 CFR part 22 as follows:

PART 22—PUBLIC MOBILE SERVICES

1. The authority citation for part 22 continues to read:

Authority: 47 U.S.C. 154, 222, 303, 309 and 332.

2. Add § 22.948 to read as follows:

§ 22.948 Partitioning and Disaggregation.

(a) *Eligibility.* (1) *Generally.* Parties seeking approval for partitioning and disaggregation shall request an authorization for partial assignment of a license pursuant to § 1.948 of this chapter. Cellular licensees may partition or disaggregate their spectrum to other qualified entities.

(2) *Partitioning.* During the five year build-out period, as defined in § 22.947, cellular licensees may partition any portion of their cellular market to other qualified entities. After the five year build-out period, cellular licensees and unserved area licensees may partition any portion of their Cellular Geographic Service Area (CGSA), as defined by § 22.911, to other qualified entities but may not partition unserved portions of their cellular market.

(3) *Disaggregation.* After the five year build-out period, as defined in § 22.947, parties obtaining disaggregated spectrum may only use such spectrum in that portion of the cellular market encompassed by the original licensee's CGSA and may not use such spectrum to provide service to unserved portions of the cellular market.

(b) *Disaggregation.* Cellular licensees and unserved area licensees may disaggregate spectrum in any amount.

(c) *Combined partitioning and disaggregation.* The Commission will

consider requests for partial assignment of cellular licenses that propose combinations of partitioning and disaggregation.

(d) *License Term.* The license term for the partitioned license area and for disaggregated spectrum shall be the remainder of the original cellular licensee's or the unserved area licensee's license term provided for in § 22.144(a).

[FR Doc. 00-14872 Filed 6-12-00; 8:45 am]

BILLING CODE 6712-01-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1807, 1811, 1812, 1815, 1816, 1823, 1842, 1846, and 1852

Risk Management

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Interim rule and request for comments.

SUMMARY: This interim rule changes the NASA FAR Supplement (NFS) to emphasize considerations of risk management, including safety, security (including information technology security), health, export control, and damage to the environment, within the acquisition process. The interim rule addresses risk management within the context of acquisition planning, selecting sources, choosing contract type, structuring award fee incentives, administering contracts, and conducting contractor surveillance. Also, this interim rule provides that contractors not be paid award fee for any evaluation period in which there is a major breach of safety or security.

DATES: *Effective Date:* This rule is effective July 13, 2000.

Applicability Date: This rule applies to solicitations issued on or after July 13, 2000.

Comment Date: Comments should be submitted to NASA at the address below on or before August 14, 2000.

ADDRESSES: Interested parties should submit written comments to James H. Dolvin, NASA Headquarters Office of Procurement, Contract Management Division (Code HK), Washington, DC 20546. Comments may also be submitted by e-mail to jdolvin1@mail.hq.nasa.gov.

FOR FURTHER INFORMATION CONTACT: James H. Dolvin, (202) 358-1279.

SUPPLEMENTARY INFORMATION:

A. Background

It is critically important for NASA to achieve mission success without

compromising safety. However, given that many of NASA's activities involve advanced research, aeronautics, and space flight, NASA cannot completely avoid risk. Therefore, risk must be managed, *i.e.*, comprehensively identified, analyzed, planned, tracked, controlled, communicated, and documented. While risk management is not a new acquisition concept, NASA has initiated a risk-based acquisition management initiative to re-focus on risk as a core acquisition concern. That initiative will be implemented by providing training to NASA and contractor personnel, consultation to NASA projects and programs, and updated policy and guidance through revisions to several of NASA's internal processes and guidelines. This interim rule implements that part of the initiative pertaining directly to the procurement process. Since NASA's activities often include contractor efforts, NASA's focus on safety and mission success must be conveyed in NASA contracts.

A proposed rule was published in the **Federal Register** at 64 FR 38880-84 on June 20, 1999. Comments were received from the Council of Defense and Space Industry Associations, the United Space Alliance, and the Jet Propulsion Laboratory. All comments were considered in the development of the interim rule. After reviewing the public comments, revisions were made to sections 1807.105, 1812.301, 1815.203-72, 1815.304.70, 1815.305, 1816.405-274, 1823.7001, 1852.223-73, and 1852.223-76. Proposed section 1852.223-75 was deleted. The most important of these revisions were (1) changes in requirements for written acquisition plans, (2) elimination of the requirement for a separate risk management plan in proposals, (3) changes in award fee evaluation factors, and (4) revisions to requirements for the Safety and Health Plan.

B. Regulatory Flexibility Act

NASA certifies that this regulation will not have a significant economic impact on a substantial number of small business entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) because this rule simply focuses attention on risk management, an existing business practice, and does not impose any significant new requirements which might have an economic impact.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the NFS do not impose recordkeeping or information collection requirements, or collection of information from offerors, contractors, or members of the public

which require the approval of the Office of Management and Budget under 41 U.S.C. 3501, *et seq.*

D. Determination To Issue an Interim Rule

In accordance with 41 U.S.C. 418(d), NASA has determined that urgent and compelling reasons exist to promulgate this interim rule. The basis of this determination is that many ongoing NASA activities involve significant risk factors, and that immediate implementation of the procedures described in this interim rule is necessary for identification and management of these risks. Also, the substance of this material was previously published for public comment in the **Federal Register** (64 FR 38880-84) on June 29, 1999. Public comments received in response to this interim rule will be considered in the formation of the final rule.

List of Subjects in 48 CFR Parts 1807, 1811, 1812, 1815, 1816, 1823, 1842, 1846, and 1852

Government procurement.

Tom Luedtke,

Associate Administrator for Procurement.

Accordingly, 48 CFR Parts 1807, 1811, 1812, 1815, 1816, 1823, 1842, 1846, and 1852 are amended as follows:

1. The authority citation for 48 CFR Parts 1807, 1811, 1812, 1815, 1816, 1823, 1842, 1846, and 1852 continues to read as follows:

Authority: 42 U.S.C. 2473(c)(1).

PART 1807—ACQUISITION PLANNING

2. Add section 1807.104 to read as follows:

1807.104 General procedures. (NASA supplements paragraph (a)).

(a) The acquisition planning team shall obtain input from the center offices responsible for matters of safety and mission assurance, occupational health, environmental protection, information technology, export control, and security. Their presence on the team shall help to ensure that all NASA acquisitions are structured in accordance with NASA safety, occupational health, environmental, export control, and security policy. As part of this process, the team shall recommend any appropriate solicitation or contract requirements for implementation of safety, occupational health, environmental, information technology, export control, and security concerns (See NPG 8715.3, NASA Safety Manual; NPG 7120.5, NASA Program and Project Management Processes and Requirements; NPG 2810.1, Security of Information Technology, and NPG 1620.1, Security Procedures and

Guidelines, all available at www.nodis.hq.nasa.gov).

3. In section 1807.105, add paragraph (a)(7) to read as follows:

1807.105 Contents of written acquisition plans.

* * * * *

(a) * * *

(7) Discuss project/program risks (see NPG 7120.5, NASA Program and Project Management Processes and Requirements). In addition to technical, schedule, and cost risks, the discussion shall include such considerations as: safety and security (including personnel, information technology, and facilities/property); the need to involve foreign sources (contractor and/or governmental), and risks of unauthorized technology transfer (see NPG 2190, NASA Export Control Program); and resource risk, including the necessary level and expertise of NASA personnel resources available to manage the project/program. For each area of risk identified, the discussion shall include a quantification of the relative magnitude (*e.g.*, high, medium, low) together with the specific actions taken to structure the acquisition approach to manage the risks throughout the acquisition process. For example, this discussion would identify those areas that have safety risk, discuss how safety is addressed in contract requirements and evaluated in the source selection, and how it will be managed and incentivized during contract performance. Decisions to accept, mitigate, track, and/or research risk factors shall be identified and documented as part of acquisition planning.

* * * * *

PART 1811—DESCRIBING AGENCY NEEDS

4. Add section 1811.101 to read as follows:

1811.101 Order of precedence for requirements documents. (NASA supplements paragraph (b))

(b) When establishing product descriptions in either a solicitation or contract, contracting officers shall include safeguards, as applicable, to ensure safety, security, and environmental protection.

PART 1812—ACQUISITION OF COMMERCIAL ITEMS

5. In section 1812.301, redesignate paragraph (f)(i)(F) as (G); redesignate paragraphs (f)(i)(G) through (J) as (f)(i)(I) through (M), add new paragraphs (f)(i)(F), (H), and (I), and redesignate paragraph (f)(i)(F) as (G) to read as follows:

1812.301 Solicitation provisions and contract clauses for the acquisition of commercial items.

(f)(i) * * *

(F) 1852.223-70, Safety and Health.

* * * * *

(H) 1852.223-73, Safety and Health Plan.

(I) 1852.223-75, Major Breach of Safety and Security.

* * * * *

PART 1815—CONTRACTING BY NEGOTIATION

6. In section 1815.201, amend paragraph (c)(6)(A) by adding the following sentence immediately before the last sentence to read as follows:

1815.201 Exchanges with industry before receipt of proposals.

(c)(6)(A) * * * Comments should also be requested on any perceived safety, occupational health, security (including information technology security), environmental, export control, and/or other programmatic risk issues associated with performance of the work. * * *

* * * * *

7. Add section 1815.203-72 to read as follows:

1815.203-72 Risk Management.

In all RFPs for supplies or services for which a technical proposal is required, proposal instructions shall require offerors to identify and discuss risk factors and issues throughout the proposal where they are relevant, and describe their approach to managing these risks.

8. In section 1815.304-70, paragraphs (b)(4) and (d)(4) are added to read as follows:

1815.304-70 NASA evaluation factors.

* * * * *

(b) * * *

(4) If the solicitation requires the submission of a Safety and Health Plan (see 1823.7001(c) and NPG 8715.3, NASA Safety Manual, Appendix H), safety and health must be a consideration in the evaluation. For acquisitions valued at \$10 million or more, or \$25 million or more for commercial items, then the Mission Suitability factor, if used, shall include a subfactor for safety and health. Otherwise, use of that subfactor is optional.

* * * * *

(d) * * *

(4) The contracting officer shall evaluate the offeror's past performance in occupational health, security, safety, and mission success (e.g., mishap rates

and problems in delivered hardware and software that resulted in mishaps or failures) when these areas are germane to the requirement.

9. In section 1815.305, revise paragraph (a)(vi) to read as follows:

1815.305 Proposal evaluation.

(a) * * *

(vi) Any programmatic risk to mission success, e.g., technical, schedule, cost, safety, occupational health, security, export control, or environmental. Risks may result from the offeror's technical approach, manufacturing plan, selection of materials, processes, equipment, or as a result of the cost, schedule, and performance impacts associated with its approach. Risk evaluations must consider the probability of the risk occurring, the impact and severity of the risk, the timeframe when the risk should be addressed, and the alternatives available to meet the requirements. Risk assessments shall be considered in determining Mission Suitability strengths, weaknesses, deficiencies, and numerical or adjectival ratings. Identified risks and the potential for cost impact shall be considered in the cost or price evaluation.

* * * * *

10. In section 1815.406-170, delete the "and" at the end of paragraph (c)(5); remove the period at the end of paragraph (c)(6) and add "; and" in its place; and add paragraph (c)(7) to read as follows:

1815.406-170 Content of the prenegotiation position memorandum.

* * * * *

(c) * * *

(7) Any risk management issues, e.g., mission success, safety, occupational health, information technology, export control, security, and environmental risks.

* * * * *

PART 1816—TYPES OF CONTRACTS

11. In section 1816.405-274, paragraphs (c) through (h) are redesignated as paragraphs (d) through (i), and a new paragraph (c) is added to read as follows:

1816.405-274 Award fee evaluation factors.

* * * * *

(c)(1) The technical factor, if used, must include consideration of risk management (including mission success, safety, security, health, export control, and damage to the environment, as appropriate) unless waived at a level above the contracting officer, with the concurrence of the project manager. The rationale for any waiver shall be

documented in the contract file. When safety, export control, or security are considered under the technical factor, the award fee plan shall allow the following fee determinations, regardless of contractor performance in other evaluation factors, when there is a major breach of safety or security.

(i) For evaluation of service contracts under 1816.405-273(a), an overall fee determination of zero for any evaluation period in which there is a major breach of safety or security.

(ii) For evaluation of end item contracts under 1816.405-273(b), an overall fee determination of zero for any interim evaluation period in which there is a major breach of safety or security. To ensure that the final award fee evaluation at contract completion reflects any major breach of safety or security, in an interim period, the overall award fee pool shall be reduced by the amount of the fee available for the period in which the major breach occurred if a zero fee determination was made because of a major breach of safety or security.

(2) A major breach of safety consists of an accident, incident, or exposure resulting in a fatality or mission failure; or in damage to equipment or property equal to or greater than \$1 million; or in any "willful" or "repeat" violation cited by the Occupational Health and Safety Administration (OSHA) or by a state agency operating under an OSHA approved plan.

(3) Security is the condition of safeguarding against espionage, sabotage, crime (including computer crime), or attack. A major breach of security may arise from any of the following: compromise of classified information; illegal technology transfer; workplace violence resulting in criminal conviction; sabotage; compromise or denial of information technology services; damage or loss greater than \$250,000 to the Government; or theft.

* * * * *

PART 1823—ENVIRONMENT, CONSERVATION, OCCUPATIONAL SAFETY, AND DRUG-FREE WORKPLACE

12. Revise section 1823.7001 to read as follows:

1823.7001 NASA solicitation provisions and contract clauses.

(a) Except as provided in paragraph (b) of this section, the clause at 1852.223-70, Safety and Health, shall be included in all solicitations and contracts for—

- (1) Negotiated acquisitions of \$1,000,000 or more;
- (2) Construction, repair, or alteration in excess of the simplified acquisition threshold;
- (3) Acquisitions having, within their total requirement, construction, repair, or alteration tasks in excess of the simplified acquisition threshold; and
- (4) Acquisitions regardless of dollar amount when—

- (i) Any deliverable contract end item is of a hazardous nature; or
- (ii) It can reasonably be expected that hazards will be generated and controlled within the operational environment during the life of the contract and the contracting officer determines that they warrant inclusion of the clause.

(b) The clause prescribed in paragraph (a) of this section may be excluded—

(1) From any contract subject to the Walsh-Healey Public Contracts Act (see FAR subpart 22.6) or the Service Contract Act of 1965 (see FAR Subpart 22.10) in which the application of either act and its implementing regulations constitute adequate safety and occupational health protection; or

(2) When the contracting officer, with the concurrence of the installation official(s) responsible for matters of safety and occupational health, makes a written determination that the clause is not necessary under the circumstances of the acquisition.

(c) The contracting officer shall insert the provision at 1852.223-73, Safety and Health Plan, in solicitations containing the clause at 1852.223-70. This clause may be modified to identify specific information that is to be included in the plan. After receiving the concurrence of the center safety and occupational health official(s), the contracting officer shall include the plan in any resulting contract.

(d) The contracting officer shall insert the clause at 1852.223-75, Major Breach of Safety or Security, in all solicitations and contracts with estimated values of \$500,000 or more, unless waived at a level above the contracting officer with the concurrence of the project manager and the installation official(s) responsible for matters of security, export control, safety, and occupational health. For other contracts, use of the clause is optional.

PART 1842—CONTRACT ADMINISTRATION AND AUDIT SERVICES

13. In section 1842.503, revise paragraph (1)(iv) to read as follows:

1842.503 Postaward conferences.
(1) * * *

(iv) Complex contract management issues are expected, particularly risk management areas identified during program and acquisition planning, e.g., significant or unusual mission success, technical, cost, schedule, safety, security, occupational health, environmental protection, and export control risks.

* * * * *

PART 1846—QUALITY ASSURANCE

14. Add section 1846.000 to read as follows:

1846.000 Scope of part.

The Government has a duty to assure that appropriated funds are spent wisely. That duty is fulfilled in part through surveillance. Surveillance may be conducted through “insight” (i.e., monitoring of selected metrics and/or milestones) or “oversight” (i.e., Government review and concurrence with contractor decisions). The decision to use insight or oversight is based on an assessment of the risk inherent in the activity being surveilled. Surveillance must be conducted whether or not the contract effort has been structured as performance-based.

15. Add section 1846.401 to read as follows:

1846.401 General. (NASA supplements paragraph (a))

(a) The quality assurance surveillance plan (QASP) which the project office prepares in conjunction with the statement of work is preliminary. It reflects the Government’s surveillance approach relative to the perceived programmatic risk, and is written at a general rather than specific level because the risks will not be completely identified at that time. After contract award, contracting officers shall ensure that the QASP is revised to reflect the risks associated with the successful proposal. This final QASP shall not be included in the contract, but should be periodically reviewed to ensure its currency.

PART 1852—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

16. The clause in section 1852.223-70 is revised to read as follows:

1852.223-70 Safety and Health.

* * * * *

Safety and Health (July 2000)

(a) The Contractor shall take all reasonable safety and occupational health measures in performing this contract. The Contractor shall comply with all Federal, State, and local laws applicable to safety and

occupational health and with the safety and occupational health standards, specifications, reporting requirements, and any other relevant requirements of this contract.

(b) The Contractor shall take, or cause to be taken, any other safety, and occupational health measures the Contracting Officer may reasonably direct. To the extent that the Contractor may be entitled to an equitable adjustment for those measures under the terms and conditions of this contract, the equitable adjustment shall be determined pursuant to the procedures of the changes clause of this contract; provided, that no adjustment shall be made under this Safety and Health clause for any change for which an equitable adjustment is expressly provided under any other clause of the contract.

(c) The Contractor shall immediately notify and promptly report to the Contracting Officer or a designee any accident, incident, or exposure resulting in fatality, lost-time occupational injury, occupational disease, contamination of property beyond any stated acceptable limits set forth in the contract Schedule; or property loss of \$25,000 or more, or Close Call (a situation or occurrence with no injury, no damage, or only minor damage (less than \$1,000) but possesses the potential to cause any category of mishap, or any injury, damage, or negative mission impact) that may be of immediate interest to NASA, arising out of work performed under this contract. The Contractor is not required to include in any report an expression of opinion as to the fault or negligence of any employee. In addition, service contractors (excluding construction contracts) shall provide quarterly reports specifying lost-time frequency rate, number of lost-time injuries, exposure, and accident/incident dollar losses as specified in the contract Schedule.

(d) The Contractor shall investigate all work-related incidents, accidents, and Close Calls, to the extent necessary to determine their causes and furnish the Contracting Officer a report, in such form as the Contracting Officer may require, of the investigative findings and proposed or completed corrective actions.

(e)(1) The Contracting Officer may notify the Contractor in writing of any noncompliance with this clause and specify corrective actions to be taken. The Contractor shall promptly take and report any necessary corrective action.

(2) If the Contractor fails or refuses to institute prompt corrective action in accordance with subparagraph (e)(1) of this clause, the Contracting Officer may invoke the stop-work order clause in this contract or any other remedy available to the Government in the event of such failure or refusal.

(f) The Contractor (or subcontractor or supplier) shall insert the substance of this clause, including this paragraph (f) and any applicable Schedule provisions, with appropriate changes of designations of the parties, in subcontracts of every tier that—

(1) Amount to \$1,000,000 or more (unless the Contracting Officer makes a written determination, after consultation with installation safety and health representatives, that this is not required);

(2) Require construction, repair, or alteration in excess of \$25,000; or

(3) Regardless of dollar amount, involve the use of hazardous materials or operations.

(g) Authorized Government representatives of the Contracting Officer shall have access to and the right to examine the sites or areas where work under this contract is being performed in order to determine the adequacy of the Contractor's safety and occupational health measures under this clause.

(h) The contractor shall continually update the safety and health plan when necessary. In particular, the Contractor shall furnish a list of all hazardous operations to be performed, and a list of other major or key operations required or planned in the performance of the contract, even though not deemed hazardous by the Contractor. NASA and the Contractor shall jointly decide which operations are to be considered hazardous, with NASA as the final authority. Before hazardous operations commence, the Contractor shall submit for NASA concurrence—

(1) Written hazardous operating procedures for all hazardous operations; and/or

(2) Qualification standards for personnel involved in hazardous operations.

(End of clause)

17. In section 1852.223–73, remove Alternate I and revise the clause to read as follows:

1852.223–73 Safety and health plan.

* * * * *

Safety and Health Plan (July 2000)

The offeror shall submit a detailed safety and occupational health plan as part of its proposal (see NPG 8715.3, NASA Safety Manual, Appendix H). The plan must include a detailed discussion of the policies, procedures, and techniques that will be used to ensure the safety and occupational health of contractor employees and to ensure the safety of all working conditions throughout the performance of the contract. The plan must similarly address safety and occupational health for subcontractor employees for any proposed subcontract whose value is expected to exceed \$500,000, including commercial services and services provided in support of a commercial item. Also, when applicable, the plan must address the policies, procedures, and techniques that will be used to ensure the safety and occupational health of NASA employees and the public. This plan, as approved by the Contracting Officer, will be included in any resulting contract.

(End of provision)

18. Add section 1852.223–75 to read as follows:

1852.223–75 Major breach of safety or security.

As prescribed in 1823.7001(d), insert the following clause:

Major Breach of Safety or Security (July 2000)

(a) Safety is the freedom from those conditions that can cause death, injury,

occupational illness, damage to or loss of equipment or property, or damage to the environment. Safety is essential to NASA and is a material part of this contract. A major breach of safety may constitute a breach of contract that entitles the Government to exercise any of its rights and remedies applicable to material parts of this contract, including termination for default. A major breach of safety must be related directly to the work on the contract. A major breach of safety is an act or omission of the contractor that consists of an accident, incident, or exposure resulting in a fatality; or in damage to equipment or property equal to or greater than \$1 million; or in any "willful" or "repeat" violation cited by the Occupational Health and Safety Administration (OSHA) or by a state agency operating under an OSHA approved plan.

(b) Security is the condition of safeguarding against espionage, sabotage, crime (including computer crime), or attack. A major breach of security may constitute a breach of contract that entitles the Government to exercise any of its rights and remedies applicable to material parts of this contract, including termination for default. A major breach of security may occur on or off Government installations, but must be related directly to the work on the contract. A major breach of security may arise from any of the following: compromise of classified information; illegal technology transfer; workplace violence resulting in criminal conviction; sabotage; compromise or denial of information technology services; damage or loss greater than \$250,000 to the Government; or theft.

(c) In the event of a major breach of safety or security, the Contractor shall report the breach to the Contracting Officer. If directed by the Contracting Officer, the Contractor shall conduct its own investigation and report the results to the Government. The Contractor shall cooperate with the Government investigation, if conducted.

(End of clause)

[FR Doc. 00–14752 Filed 6–12–00; 8:45 am]

BILLING CODE 7501–01-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1811 and 1852

Packaging, Handling, and Transportation

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: This is a final rule amending the NASA FAR Supplement (NFS) to add guidance for packaging, handling, and transportation of certain kinds of aeronautical and space equipment. A NASA policy directive containing these policies already exists, and the new NFS material adds a contract clause which directs the contractor to perform

packaging and handling as provided in the policy directive.

EFFECTIVE DATE: June 13, 2000.

FOR FURTHER INFORMATION CONTACT: James H. Dolvin, NASA Headquarters, Office of Procurement, Contract Management Division (Code HK), (202) 358–1279, email: jdolvin1@mail.hq.nasa.gov.

SUPPLEMENTARY INFORMATION:

A. Background

Some NASA programs require the development of aeronautical and space equipment which, when transported from one place to another, require the use of special kinds of packaging, handling methods, and transportation procedures. At present, there is a NASA policy directive which has instructions for these procedures, but there is no contract clause in the NFS to require the contractor to perform packaging and handling as provided in the directive. This final rule adds such a clause to the NFS.

B. Regulatory Flexibility Act

NASA certifies that this final rule will not have a significant economic impact on a substantial number of small business entities within the meaning of the Regulatory Flexibility Act (5 U.S.C. 601, *et seq.*), because it only applies in those instances when a small business entity is providing either Class I, II, or III items.

C. Paperwork Reduction Act

The Paperwork Reduction Act does not apply because the changes to the NFS do not impose any recordkeeping or information collection requirements, or collection of information from offerors, contractors, or members of the public that require the approval of the Office of Management and Budget under 44 U.S.C. 3501, *et seq.*

List of Subjects in 48 CFR Parts 1811 and 1852

Government Procurement.

Tom Luedtke,

Associate Administrator for Procurement.

Accordingly, 48 CFR Parts 1811 and 1852 is amended as follows:

1. The authority citation for 48 CFR Parts 1811 and 1852 continues to read as follows:

Authority: 42 U.S.C. 2473(c)(1).

PART 1811—DESCRIBING AGENCY NEEDS

2. Amend paragraph (b) of section 1811.002 by removing the word "shall" and adding "must" in its place.