of circumstances where such an amount in contract awards would result, on a consistent basis, in insignificant depreciation and/or cost of money charges.

Comment: Some commenters believed that the term "generated costs chargeable" was too ambiguous.

Response: The word "chargeable" has been replaced by "charged either as direct cost or as indirect cost".

Comment: Several commenters were concerned about the perceived potential recordkeeping burden including massive studies and protracted audits.

Response: When CAS has been applied continuously, the proposed amendments do not create any need for new or additional data regarding tangible capital assets. The only requirement is that records regarding the net book values that were maintained prior to the business combination should be retained and kept up to date after the business combination.

It is only when the contractor believes that the historical costs used for CAS purposes do not represent the fair value to be used for financial reporting purposes that the creation of additional records (or at least additional entries on existing records) becomes necessary.

Comment: One commenter stated that an adequate definition of "business combination" is required.

Response: "Business combination" and "purchase method" are financial accounting terms that are already used in the current version of CAS 9904.404. CAS uses these terms in a derivative sense, i.e., it prescribes certain courses of action when events so described have been recognized for financial reporting purposes. The CASB is not an originator of these terms.

Comment: One commenter suggested that issues dealt with in the proposed amendment also apply to intangible assets and that these should also be addressed in this proposal.

Response: The proposed amendments are necessarily a part of CAS 9904.404 and 9904.409. Since the application of these two Standards is limited to tangible capital assets, the proposed amendment is not a suitable vehicle for extending the coverage to intangible assets. A separate project on intangible assets would be necessary for such a purpose.

Comment: One commenter in particular offered extensive editorial comments on the proposed amendments.

Response: Most of these editorial comments were accepted.

List of Subjects in 48 CFR Part 9904

Cost accounting standards, Government procurement.

Richard C. Loeb,

Executive Secretary, Cost Accounting Standards Board.

For the reasons set forth in this preamble, chapter 99 of title 48 of the Code of Federal Regulations is proposed to be amended as set forth below:

1. The authority citation for part 9904 continues to read as follows:

Authority: Public Law 100–679, 102 Stat. 4056, 41 U.S.C. 422.

PART 9904—COST ACCOUNTING STANDARDS

9904.404 Capitalization of tangible assets.

2. Section 9904.404–50 is proposed to be amended by revising paragraph (d) to read as follows:

$9904.404-50 \quad \text{Techniques for application}.$

* * * * *

- (d) For Federal Government contract costing purposes, acquisition costs of tangible capital assets acquired in a business combination and accounted for under the "purchase method" of accounting shall be assigned to these assets as follows:
- (1) Tangible capital assets that generated costs charged either as direct costs or as indirect costs to Federal Government contracts prior to a business combination shall retain the same net book value(s) subsequent to a business combination as if the business combination had not taken place.
- (2) Where acquired tangible capital asset(s) did not generate costs that were charged to Federal contracts subject to CAS at the time of the business combination, the asset(s) shall be assigned a portion of the cost of the acquired company not to exceed their fair value(s) at the date of acquisition. When the fair value of identifiable acquired assets less liabilities assumed exceeds the purchase price of the acquired company in an acquisition under the "purchase method," the value otherwise assignable to tangible capital assets shall be reduced by a proportionate part of the excess.

3. Section 9904.404–63 is proposed to be amended by designating the existing paragraph as (a) and by adding a new paragraph (b) to read as follows:

9904.404-63 Effective date.

(a) * * *

(b) The effective date of 9904.404–50(d) is [30 days after date of publication of the final rule in the **Federal Register**].

4. Section 9904.409–50 is proposed to be amended by adding a new paragraph (j)(5) to read as follows:

9904.409-50 Techniques for application.

* * * (j) * * *

- (5) The provisions of this subsection 9904.409–50(j) do not apply to business combinations. The carrying values of tangible capital assets subsequent to a business combination shall be established in accordance with the provisions of 9904.404–50(d).
- 6. Section 9904.409–63 is proposed to be amended by designating the existing paragraph as (a) and by adding a new paragraph (b) to read as follows:

9904.409-63 Effective date.

(a) * * *

(b) The effective date of 9904.409–50(j)(5), is [30 days after date of publication of the final rule in the **Federal Register**].

[FR Doc. 95–5566 Filed 3–7–95; 8:45 am] BILLING CODE 3110–01–M

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

RIN 1018-AD02

Endangered and Threatened Wildlife and Plants; Proposed Revisions for Proposed Designation of Critical Habitat for the Mexican Spotted Owl

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Supplemental proposed rule, proposed revisions to proposed designation of critical habitat.

SUMMARY: The U.S. Fish and Wildlife Service (Service) announces proposed exclusions from its previously published proposal to designate critical habitat for the Mexican spotted owl. The draft economic analysis upon which the exclusions are partly based has also been made available.

DATES: The original comment period on the proposed rule to designate critical habitat extended from December 7, 1994, to March 7, 1995. The comment period on the proposal and the proposed exclusions extends through May 8, 1995.

ADDRESSES: Requests for copies of the Service's Economic Analysis and comments concerning that document and the proposal to designate critical habitat for the Mexican spotted owl or