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 OF THE UNITED STATES
 1934
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Washington, Friday, July 7, 1939

The President

EXECUTIVE ORDER

AMENDING THE FOREIGN SERVICE REGULATIONS OF THE UNITED STATES

By virtue of and pursuant to the authority vested in me by section 1752 of the Revised Statutes of the United States (22 U.S.C. § 132), it is ordered that the Foreign Service Regulations of the United States be, and they are hereby, amended by prescribing the following as Chapter IV thereof:

CHAPTER IV—ADMINISTRATION

IV-1. Transfer of office.

(a) *Permanent transfer.* A permanent transfer of office shall be effected under the following circumstances:

1. Upon the relinquishment of office by a principal officer who has been transferred
2. Upon the assumption of charge by a new principal officer
3. Upon the death of the principal officer
4. Upon specific instructions from the Department of State.

(b) *Temporary transfer.* A temporary transfer of office shall be effected:

1. Upon the departure of a principal officer on simple leave of absence
2. Upon the departure of a principal officer on home leave of absence, or home leave under orders
3. Upon specific instructions from the Department of State.

IV-2. Assumption of charge of office.

(a) *Transfer of Government-owned property.* Upon assuming charge of an office, the diplomatic representative or consular officer shall request the delivery to him of all Government-owned property in the possession of his predecessor or the subordinate in charge, with the exception of the public funds, for which the outgoing officer is responsible to the Government. The officer relinquishing charge may transfer public funds to his successor or forward them to the Department of State for deposit in the Treas-

ury (sec. V-23). If he transfers them to his successor, he shall take proper receipts to be transmitted with his accounts.

(b) *Forms executed upon assumption of charge.* Upon every transfer of office, whether permanent or temporary, the officer assuming charge and his predecessor, if present, shall jointly execute and sign Form No. 5, Transfer of Office Certificate. When a permanent transfer of office takes place, or when the principal officer departs on home leave of absence, the officer assuming charge shall transmit with Form No. 5 a survey of the Government-owned realty or a report on Government-leased property, as the case may be (secs. IV-6 and IV-8 (d)), and Inventory Transfer Form No. 298 (sec. IV-7).

(c) *IV-3. Responsibility of officer in charge for Government-owned property.* The officer in charge shall observe and shall require his subordinates to observe the regulations governing the occupation, preservation, and maintenance of Government-owned Foreign Service property prescribed by the Secretary of State, and shall be held liable for any damage thereto occasioned by waste, negligence, or improper usage.

The officer in charge shall also be held responsible for the safeguarding of official records, archives, codes, and devices bearing the insignia of office.

(d) *IV-4. Submission of recommendations and estimates in connection with acquisition and maintenance of Government-owned realty.* The officer in charge shall make such recommendations and estimates in connection with the acquisition and maintenance of Government-owned realty as are advisable or necessary.

(e) *IV-5. Submission of recommendations in connection with the acquisition, maintenance, and disposition of Government-owned property, other than realty.* The officer in charge shall make recommendations to the Department of State in connection with the acquisition, maintenance, and disposition of Government-owned property, other than realty, at such times and in such manner as may be prescribed by the Department of State.

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IV-6. Survey of Government-owned realty.

(a) *Survey to be submitted on transfer of office.* Whenever a permanent transfer of office takes place, or when the principal officer departs on home leave of absence, the officer assuming charge shall submit a report, in the form prescribed by the Department of State, on the condition of Government-owned buildings and grounds at the post, if there be any, noting therein any evidence of waste, negligence, or misuse of the property.

(b) *Survey to be submitted by Foreign Service inspectors.* Whenever a Foreign Service inspector inspects a post, he shall make a survey report to the Department of State.

IV-7. *Inventory of and reports on Government-owned property, other than realty.* A card inventory of all Government-owned property, other than realty, of a non-expendable and movable character, including records, archives, seals, and devices bearing the insignia of office, shall be maintained at each post in the Service. Whenever a permanent transfer of office takes place, or the principal officer departs on home leave of absence, the officer assuming charge and the officer relinquishing charge shall jointly check the personal property against the card inventory file and shall execute Form No. 298, which acknowledges the receipt of the personal property.

IV-8. Leased Foreign Service quarters.

(a) *Execution, renewal, and termination of leases.* The officer in charge is hereby authorized to execute a lease agreement for Foreign Service quarters in the name of the Secretary of State, provided the quarters selected, the rental to be paid therefor, and a draft of the proposed lease agreement shall have been approved by the Department of State.

In renewing or terminating a lease, an officer shall be guided by the rules and regulations prescribed by the Secretary of State.

(b) *Responsibility of officer in charge for leased quarters.* Subject to the terms of the lease agreement, the officer in charge shall observe and shall require

his subordinates to observe the regulations prescribed by the Secretary of State for the occupation, preservation, and maintenance of leased Foreign Service property.

The officer in charge shall be held liable for any loss which the Government as lessee may sustain by reason of damage to leased property occasioned by waste, negligence, or improper usage.

(c) *Submission of recommendations and estimates in connection with the maintenance of leased quarters.* The officer in charge shall make such recommendations and estimates in connection with the maintenance of leased quarters as are in conformity with the terms of the lease agreement.

(d) *Report on leased quarters to be submitted on transfer of office and on visit of Foreign Service inspectors.* Whenever a permanent transfer of office takes place, or when the principal officer departs on home leave of absence, the officer assuming charge shall submit a report, in the form prescribed by the Department of State, on the condition of leased quarters, noting therein any evidence of waste, negligence, or misuse of the property. A similar report shall be submitted by a Foreign Service inspector whenever he inspects the post.

IV-9. Restrictions on place of residence of diplomatic representatives and consular officers.

(a) *Residence of diplomatic representative.* A diplomatic representative may establish a temporary residence at a place other than the seat of mission, provided that such residence is within the confines of the country to which he is accredited and at a point convenient to the mission, and provided that the office of the mission is opened daily by a secretary thereof. He shall report to the Department the location of such residence and the dates of his departure thereto and return therefrom.

(b) *Residence of consular officer.* A consular officer shall reside in the town or city in which his office is located, unless a special exemption has been made at a particular post. A consular officer shall not reside outside of his consular district.

IV-10. *Office hours.* Diplomatic and consular offices shall be kept open for the convenience of the public from 9:00 a. m. to 4:30 p. m. continuously from Monday to Friday, inclusive, and from 9:00 a. m. to 1:00 p. m. on Saturdays throughout the year except on days declared holidays by act of Congress or executive order. On national holidays of the country in which the office is located, the office shall be closed for the transaction of business of a routine nature, but shall be open to receive American citizens who may have urgent business with the office.

All officers and employees of the Foreign Service shall be required to work not less than seven hours a day from Monday to Friday, inclusive, and not less than four hours on Saturdays throughout the year except on holidays and during absence on annual or sick leave.

The Secretary of State may in his discretion order a rearrangement of office hours at particular posts where local custom, climatic conditions, or the exigencies of the Service warrant such rearrangement, but may not authorize a shorter working day for officers and employees of the Foreign Service.

IV-11. *Leaves of absence.* Officers and employees of the Foreign Service may avail themselves of statutory leave subject to regulations prescribed by the Secretary of State governing the granting of such leave.

IV-12. *Reports of leaves of absence.* The officer in charge shall report to the Department the absence from his post of any officer or employee, whether on leave or otherwise.

IV-13. *Submission of administrative reports.* The officer in charge shall submit such administrative reports as may be required by the Department of State. Instructions with reference to the time of submitting such reports and the form required shall be carefully observed. When printed forms are used, officers are enjoined to read carefully and to adhere strictly to any instructions appearing thereon.

IV-14. *Use of coat of arms of the United States.*

(a) *At missions.* The coat of arms of the mission shall be placed above the principal entrance of the diplomatic representative's residence, and the office of the mission, when these are separate from his residence, unless such procedure is in conflict with local custom.

(b) *At consulates.* The coat of arms of the consulate shall be placed over the entrance to the consulate unless specifically prohibited by the laws of the country.

(c) *At combined offices.* At combined offices only the coat of arms of the mission shall be displayed on the outside of the premises. If the consular section of the combined office is organized as a distinct unit occupying a suite of connecting rooms, the consular coat of arms may, in the discretion of the chief of mission, be displayed above the main entrance thereto from the waiting room or interior hallway.

IV-15. *Care and display of the flag.*

(a) *Care of flag.* Officers shall use and care for the flag of the United States in a manner indicative of deep respect for the national emblem. Every precaution shall be exercised for its preservation.

(b) *Display of flag.* The flag shall be flown over an American mission or consulate between the hours of sunrise and sunset on all American national holidays and flag days, on all holidays in the country in which the mission or consulate is located, and on such other occasions as the officer in charge may deem appropriate. When necessary, the flag may also be flown for purposes of protection.

IV-16. *Official mourning.* Upon the death of the President of the United States, the flag shall be flown at half-staff daily for one month.

Officers shall observe the usual symbols of mourning. They shall not entertain formally and shall excuse themselves from attendance at any formal social function. Mourning bands, black ties, or other mourning symbols may appropriately be worn.

Cancellation of Regulations

The following provisions of the Foreign Service Regulations of the United States are hereby canceled:

Part I

Sections V-6, VI-1, VI-2, VI-3, VI-5 to VI-11, inclusive, XVI-1, XVI-3, and XVII-1 to XVII-5, inclusive.

Part II

Sections III-57, III-59 to III-68, inclusive, III-70, VI-98, XXIV-429 to XXIV-433, inclusive, XXIV-464 to XXIV-470, inclusive, and XXIV-472 to XXIV-474, inclusive.

Revocation of Executive Orders

The following executive orders are hereby revoked:

Executive Order No. 5469 dated October 22, 1930

Executive Order No. 5624 dated May 15, 1931

Executive Order No. 5707 dated September 4, 1931

Executive Order No. 5825 dated March 26, 1932

Executive Order No. 7013 dated April 16, 1935

FRANKLIN D ROOSEVELT

THE WHITE HOUSE

July 5, 1939

[No. 8189]

[F. R. Doc. 39-2349; Filed, July 6, 1939; 11:07 a. m.]

EXECUTIVE ORDER

PLACING THE COMMITTEE FOR RECIPROCITY INFORMATION UNDER THE JURISDICTION AND CONTROL OF THE DEPARTMENT OF STATE

By virtue of the authority vested in me by the Act of June 12, 1934, entitled "An Act to amend the Tariff Act of 1930" (48 Stat. 943), as amended, the Committee for Reciprocity Information, created by Executive Order No. 6750 of June 27, 1934, is hereby placed under the jurisdiction and control of the Department of State, its functions to be exercised under the direction and supervision of the Secretary of State, who shall designate from the membership of the Committee the Chairman thereof.

The Executive Committee on Commercial Policy, created by Executive Letter of November 11, 1933, and continued by Executive Orders No. 6656 of March 27, 1934, and No. 7260 of December 31, 1935, shall continue to exercise its function of

selecting certain members of the said Committee for Reciprocity Information.

This order shall become effective on July 1, 1939.

FRANKLIN D ROOSEVELT
THE WHITE HOUSE,
July 5, 1939.

[No. 8190]

[F. R. Doc. 39-2345; Filed, July 6, 1939; 11:06 a. m.]

EXECUTIVE ORDER

PLACING THE GOETHALS MEMORIAL COMMISSION UNDER THE JURISDICTION AND CONTROL OF THE WAR DEPARTMENT

Under and by virtue of the authority vested in me by the act of August 24, 1935, c. 636, 49 Stat. 743, the Goethals Memorial Commission, appointed by me under the authority of the said Act, is hereby placed under the jurisdiction and control of the War Department, its functions to be performed under the direction and supervision of the Secretary of War.

This order shall become effective on July 1, 1939.

FRANKLIN D ROOSEVELT
THE WHITE HOUSE,
July 5, 1939.

[No. 8191]

[F. R. Doc. 39-2346; Filed, July 6, 1939; 11:06 a. m.]

EXECUTIVE ORDER

PARTIAL REVOCATION OF EXECUTIVE ORDER NO. 2608 OF MAY 4, 1917, AND REWITHDRAWAL FOR USE BY THE FOREST SERVICE AS AN ADDITION TO AN EXISTING ADMINISTRATIVE SITE

ALASKA

By virtue of and pursuant to the authority vested in me by the act of March 12, 1914, c. 37, 38 Stat. 305, and the act of June 25, 1910, c. 421, 36 Stat. 847, as amended by the act of August 24, 1912, c. 369, 37 Stat. 497, it is ordered as follows:

SECTION 1. Executive Order No. 2608 of May 4, 1917, temporarily withdrawing certain lands along the Alaska Railroad for townsite purposes, is hereby revoked as to the following-described land:

Beginning at point for Corner No. 1, U. S. Survey 608, Alaska, on line of mean high water, Kenai Lake, thence N. 78°56' E., 11.07 chains to Corner No. 5; S. 11°04' E., 3.26 chains to Corner No. 4; S. 19°21' E., 6.95 chains to right bank of Ptarmigan Creek; southwesterly, down stream along the right bank of Ptarmigan Creek to line of mean high water, Kenai Lake; northwesterly, along line of mean high water, Kenai Lake, to point for Corner No. 1, U. S. Survey 608, the place of beginning, containing 12.5 acres.

SECTION 2. Subject to the conditions expressed in the above-mentioned acts and to valid existing rights, the land de-

scribed in section 1 of this order is hereby temporarily withdrawn from settlement, location, sale, or entry and reserved for use of the Forest Service, Department of Agriculture, as an addition to an existing administrative site.

SECTION 3. The reservation made by section 2 of this order shall remain in force until revoked by the President or by act of Congress.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
July 5, 1939.

[No. 8192]

[F. R. Doc. 39-2347; Filed, July 6, 1939;
11:06 a. m.]

EXECUTIVE ORDER

PARTIAL REVOCATION OF EXECUTIVE ORDER NO. 5894 OF JULY 26, 1932, WITHDRAWING PUBLIC LAND

COLORADO

By virtue of and pursuant to the authority vested in me by the act of June 25, 1910, c. 421, 36 Stat. 847, Executive Order No. 5894 of July 26, 1932, withdrawing public lands in Colorado pending a resurvey, is hereby revoked as to the following-described townships:

New Mexico Principal Meridian

Tps. 36 N., Rs. 5 and 6 E.

This order shall become effective upon the date of the official filing of the plats of the resurvey of the lands involved.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
July 5, 1939.

[No. 8193]

[F. R. Doc. 39-2348; Filed, July 6, 1939;
11:06 a. m.]

EXECUTIVE ORDER

PLACING THE FEDERAL FIRE COUNCIL UNDER THE FEDERAL WORKS AGENCY

By virtue of the authority vested in me as President of the United States, the Federal Fire Council, established by Executive Order No. 7397 of June 20, 1936, is hereby placed under the jurisdiction and control of the Federal Works Agency, its functions to be performed under the direction and supervision of the Federal Works Administrator. The Commissioner of Public Buildings is hereby designated as Chairman of the Governing Body of said Federal Fire Council.

This order shall become effective on July 1, 1939.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
July 6, 1939.

[No. 8194]

[F. R. Doc. 39-2344; Filed, July 6, 1939;
11:06 a. m.]

MILITARY ORDER

By virtue of authority vested in me as President of the United States and as Commander-in-Chief of the Army and Navy of the United States, it is hereby ordered that (1) the Joint Army and Navy Board, organized to secure complete cooperation and coordination in all matters and policies involving joint action of the Army and Navy relative to the national defense, (2) the Joint Economy Board organized for the purpose of effecting economies without loss of efficiency, by the elimination of overlap or the simplification of functions in those activities of the War and Navy Departments concerned with joint operations of the two services or which have approximately parallel functions, (3) the Aeronautical Board organized for the purpose of securing a more complete measure of cooperation and coordination in the development of aviation of the Army and of the Navy, and to provide an agency for consideration of aeronautical matters, and (4) the Joint Army and Navy Munitions Board organized for the purpose of harmonizing the plans of the Army and Navy for the procurement of munitions and supplies for war purposes, now functioning by understanding between the Secretary of War and the Secretary of the Navy, shall hereafter exercise their functions for the purposes aforesaid under the direction and supervision of the President as Commander-in-Chief of the Army and Navy of the United States.

This order shall become effective on July 1, 1939.

FRANKLIN D ROOSEVELT

C. in C.

THE WHITE HOUSE,
July 5, 1939.

[F. R. Doc. 39-2343; Filed, July 6, 1939;
11:06 a. m.]

Rules, Regulations, Orders

TITLE 10—ARMY: WAR DEPARTMENT

CHAPTER VI—ORGANIZED RESERVES

PART 63—REGULAR ARMY RESERVE¹

§ 63.11 *Discharge before expiration of enlistment.* (a) When in an inactive status, a member of the Regular Army Reserve will not be discharged before the expiration of his term of enlistment except—

* * * * *

(2) By direction of the corps area commander—

* * * * *

(iii) To enlist in the Navy, Marine Corps, National Guard, or Coast Guard.

* * * * *

¹ These regulations amend the indicated sections and paragraphs of Part 63, Title 10, Code of Federal Regulations.

(4) To enlist in the Regular Army. See section 71.21.

* * * * *

(52 Stat. 221; 10 U.S.C. 343) [Par. 162 (1), AR 155-5, February 16, 1939, as amended by Sec. I, Cir. No. 43, WD, June 21, 1939]

CHAPTER VII—PERSONNEL

PART 71—ENLISTMENT IN THE REGULAR ARMY²

§ 71.4 *Men with dependents, including married men.* (a) No man with a dependent, or dependents, in any of the following classes will be accepted for original enlistment in the Regular Army in time of peace:

(1) Lawful wife.

(2) Legitimate children, step children, or adopted children under twenty-one years of age, who are legally or in fact dependent upon the applicant for support.

(3) Mother, who is in fact dependent upon the applicant for her chief support.

(4) Any other persons who are in fact dependent upon the applicant for support.

(b) Marriage will not affect reenlistment of enlisted men in grades 1, 2, or 3.

(c) (1) Enlisted men except those in grades 1, 2, or 3, who marry without the written permission of the corps area commander after June 30, 1939, will be discharged without delay for the convenience of the Government and will not be reenlisted.

(2) Permission to marry may be granted in worthy cases to enlisted men in the fourth grade only who have completed eight or more years service in the Army. Such permission will be granted by corps area commanders and will be given in writing. Appropriate notation will be made under "Remarks" in the enlisted man's Service Record (WD, AGO Form No. 24), indicating the authority and date. For this purpose corps area commanders will have jurisdiction over all enlisted personnel stationed within their respective corps areas.

(d) Men who married in accordance with the conditions indicated in paragraphs (b) and (c) (2) above, but who have been reduced in grade or rating so that their status is below that specified may be reenlisted at the discretion of corps area commanders, due regard being had to the interests of the individual and the Government.

(e) The obtainment of a divorce will not render eligible for reenlistment an applicant who, under the provisions of these regulations was, at any time during his current or last enlistment, rendered ineligible for reenlistment.

² These regulations amend the indicated sections and paragraphs of Part 71, Title 10, Code of Federal Regulations.

(f) Marriage will not affect the reenlistment of the following classes of enlisted men now in the service:

(1) Those in the first three grades.
(2) Those who obtained permission to marry under the provisions of paragraph (c) (2) above.

(3) Those who can present to the corps area commander authentic evidence of having been granted military permission to marry prior to the effective date of these regulations, provided the enlisted man can maintain his dependents on his pay.

(4) Those who have previously been reenlisted as married men, even though military permission had not been obtained to marry, provided the enlisted man can maintain his dependents on his pay.

(g) Enlisted men of the Philippine Scouts and the 65th Infantry in Puerto Rico may be granted permission to marry, and their reenlistment may be authorized, under regulations prescribed by the commanding general, Philippine Department, and the commanding general, Puerto Rican Department, respectively, due consideration being given to the interests of the enlisted man and the Government.

(h) No man will be accepted for enlistment or reenlistment conditional upon any written, verbal, or implied promise that any portion of his pay will be allotted to a relative or other person. (41 Stat. 765; 10 U.S.C. 42) [Par. 14, AR 600-750, April 10, 1939, as amended by Sec. I, Cir. No. 43, WD, June 21, 1939]

§ 71.21 Regular Army Reserve. (a) When a member of the Regular Army Reserve, in an inactive status, applies for reenlistment in the Regular Army, he may be enlisted prior to the actual delivery of his certificate of discharge from the Regular Army Reserve, provided he meets the requirements for enlistment.

(b) Prior to enlistment the recruiting officer will inform the applicant that reenlistment in the Regular Army will officially constitute termination of his enlistment in the Regular Army Reserve, and that his certificate of discharge will be forwarded to him at a later date.

(c) Immediately after reenlistment in the Regular Army of a member of the Regular Army Reserve the recruiting officer will notify the corps area commander having custody of the Reservist's records informing him of the date of reenlistment, the organization or arm or service for which enlisted, and the station to which the enlisted man was forwarded.

(d) Upon receipt of notification of reenlistment in the Regular Army the corps area commander will cause the formal certificate of discharge to be prepared as of the date of reenlistment in the Regular Army and forwarded to the enlisted man through channels. (41 Stat. 765; 10 U.S.C. 42) [Par. 26, AR

600-750, April 10, 1939, as amended by Sec. I, Cir. No. 43, WD, June 21, 1939]

PART 74—ENLISTMENT OF FLYING CADETS

§ 74.1 Eligibility.

(b) *Candidates must agree to serve.* Each applicant for appointment as a flying cadet will sign an agreement, with the consent of his parents or guardian, if a minor, by which he will agree—

(1) To enlist for 3 years as a flying cadet of the Air Corps, with the understanding that upon completion of the course of instruction, which normally will not require more than 1 year, he will be discharged as a flying cadet.

(41 Stat. 765; 10 U.S.C. 42) [Par. 1d, AR 615-160, July 20, 1938, as amended by Cir. No. 41, WD, June 19, 1939]

§ 74.5 Training. (a) The duration and scope of training will be as announced from time to time by the War Department.

(41 Stat. 765; 10 U.S.C. 42) [Par. 15a, AR 615-160, July 20, 1938, as amended by Cir. No. 41, WD, June 19, 1939]

[SEAL] E. S. ADAMS,
Major General,
The Adjutant General.

[F. R. Doc. 39-2340; Filed, July 6, 1939;
9:09 a. m.]

TITLE 24—HOUSING CREDIT

FEDERAL HOUSING ADMINISTRATION

SUBCHAPTER A—PROPERTY IMPROVEMENT LOANS

**PART 501—PROPERTY IMPROVEMENT LOANS
UNDER SECTION 2, TITLE I OF THE NATIONAL HOUSING ACT, AS AMENDED, EFFECTIVE JULY 1, 1939*†**

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501.14	New Dwelling Structure Requirements.

* These regulations amend the indicated sections and paragraphs of Part 74, Title 10, Code of Federal Regulations.

† §§ 501.1 to 501.21, inclusive, issued under the authority contained in Public, No. 111—76th Congress (H. R. 5324), Section 2.

† The source of §§ 501.1 to 501.21, inclusive, is regulations governing Property Improvement loans under section 2, Title I of the National Housing Act, as amended, effective July 1, 1939.

Sec.

501.15 Prior Approval—New Dwelling Structure Loans.

501.16 Allowable New Dwelling Structure Fees.

501.17 Insurance Reserve.

501.18 Insurance Charge.

501.19 Administrative Reports and Examination.

501.20 Amendments.

501.21 Effective Date.

§ 501.1 Citation. The regulations in this part may be cited and referred to as "Regulations of the Federal Housing Administrator governing the insurance of qualified lending institutions against loss resulting from loans made under the provisions of Title I, Section 2, of the National Housing Act, as amended, effective July 1, 1939."

§ 501.2 Definitions. As used in the regulations in this part—

(a) The term "owner" includes, in addition to owners in fee, persons holding an equity under a mortgage, trust or contract.

(b) The term "note" includes a note, bond, mortgage, or other evidence of indebtedness.

(c) The term "payment" includes a deposit to an account or fund.

(d) The term "installment payment" includes that deposit to an account or fund which represents the partial repayment of an advance of credit.

(e) The term "loan" includes any loan, advance of credit, or purchase of an obligation representing a loan or advance of credit for the purpose of financing eligible repairs, alterations or improvements as authorized by the National Housing Act, as amended, effective July 1, 1939, and by the regulations in this part.

(f) The term "Administrator" means the Federal Housing Administrator.

(g) The term "borrower" means one who is an eligible owner or lessee of real property to be improved pursuant to the provisions of the Act and who applies for and receives an advance of credit in reliance upon the provisions of the Act.

(h) The term "Act" means the National Housing Act, as amended, effective July 1, 1939.

(i) The term "Contract of Insurance" includes all of the provisions of the regulations in this part and of the applicable provisions of the Act.

(j) The term "insured institution" means any bank, trust company, personal finance company, mortgage company, building and loan association, installment lending company or other such financial institution which the Administrator has found to be qualified by experience or facilities and has approved as eligible for credit insurance and to which he has issued a Contract of Insurance effective July 1, 1939.

§ 501.3 Eligible notes. Promissory notes in order to be eligible for insurance:

(a) Shall bear the genuine signature, as maker, of an owner of the real property to be improved, or of a lessee thereof

under a lease expiring not less than six calendar months after the maturity of the loan or advance of credit.

(b) Shall be in a form which is valid and enforceable in the jurisdiction in which they are issued.

(c) Shall be payable in equal monthly, semi-monthly, or weekly installments. The final installment may be slightly more or less than the other installments, subject to such exceptions as may be made by the Administrator. Notes may not provide for a first payment less than six days or more than two calendar months after the date of the note. However, if fifty-one percent or more of the income of the maker is derived directly from the sale of agricultural crops, commodities, or livestock produced by him, a note may be made payable in installments corresponding to income periods shown on the credit statement. In such cases, the first payment must be made within twelve months of the date of the note and at least one payment must be made during each calendar year thereafter and the proportion of total principal to be paid in later years must not exceed the proportion of total principal payable in earlier years.

(d) Shall contain a provision for acceleration of maturity, either automatic or at the option of the holder, in the event of default in the payment of any installment upon the due date thereof.

(e) Shall not have a final maturity in excess of three years and thirty-two days from the date thereof, except in the case of loans for the purpose of financing the building of new structures to be used in whole or in part for residential or agricultural purposes, in which event the final maturity of any such loan shall not be in excess of ten years and thirty-two days.

(f) May provide for a late charge, to be paid by the maker, not to exceed five cents (5¢) for each \$1.00 of each installment more than fifteen days in arrears. In lieu of late charges, notes may provide for interest on past due installments at a rate not in excess of the contract rate in the jurisdiction in which the note is drawn. No late charge or interest on a past due installment may be accrued in excess of \$5.00. The borrower must be billed for the penalties collected as such, and evidence of such billing must be in the file if claim is made under the Contract of Insurance.

(g) May be in a series provided each is of an equal amount as provided in this section and that each note indicates on its face that it is one of a series signed by the same maker.

§ 501.4 Maximum loan. (a) A loan shall not involve a principal amount, exclusive of financing charges to the borrower in excess of \$2,500.

(b) No loan shall involve a principal amount outstanding at any one time, with respect to any one piece of property, in excess of \$2,500 exclusive of financing charges to the borrower.

(c) One borrower may obtain any number of loans to improve any number of separate pieces of property, subject to the credit requirements contained in section 501.6.

§ 501.5 Maximum permissible financing charges. (a) The maximum permissible financing charge which may be paid by the borrower for interest, discount and fees of all kinds in connection with the transaction may not be in excess of an amount equivalent to \$5.00 discount per \$100 original face amount of a one-year note, to be paid in equal monthly installments, calculated from the date of the note; except that in the case of loans for the purpose of financing the building of new structures for use in whole or in part for residential purposes, the maximum permissible charge which may be paid by the borrower for interest, discount and fees of all kinds in connection with the transaction (subject to the provisions of Section 501.16) may not be in excess of an amount equivalent to \$3.50 discount per \$100 original face amount of a one-year note, to be paid in equal monthly installments, calculated from the date of the note. Such charges correctly based on tables of calculations issued by the Federal Housing Administrator are deemed to comply with this Section.

(b) If the insured institution in purchasing a note takes the maximum charge permitted by this section, but employs a "holdback" and does not advance the entire proceeds of the note to the seller, it shall calculate its financing charge on the amount advanced and credit to the account of the seller the difference between the financing charge calculated on the face amount of the note and the financing charge calculated on the amount advanced.

(c) The acceptance of a voluntary payment of one or more installments prior to due date shall not be construed as increasing the maximum permissible financing charge as provided in paragraph (a) of this section. However, if the entire balance outstanding on the loan is paid in advance the insured institution must make a rebate as follows:

(1) If the maximum permissible financing charge in connection with the transaction is in an amount equivalent to \$5.00 discount as provided in paragraph (a) of this section, the insured institution shall make a rebate at a rate not less than 5% per annum of the amounts so paid in advance of their due dates. If a lesser charge has been taken, the rebate shall be at not less than a proportional rate.

(2) If the maximum permissible financing charge in connection with the transaction is in an amount equivalent to \$3.50 discount as provided in paragraph (a) of this section, the insured institution shall make a rebate at a rate not less than 3½% per annum of the amounts so paid in advance of their due dates. If a lesser charge has been taken,

the rebate shall be not less than a proportional rate.

(d) An increase in the ratio of the charge to the average amount outstanding on the debt over the maximum provided in this section, which increase results from the first payment falling due less than thirty days after the date of the note as provided in section 501.3 (c), shall not be deemed to be in conflict with this section.

§ 501.6 Credits. (a) The insured institution shall obtain a signed and dated Credit Statement-Application from the borrower, on a form approved by the Administrator. The Credit Statement-Application must, in the judgment of the insured institution, clearly show the borrower to be solvent, with reasonable ability to pay the obligation and in other respects a reasonable credit risk.

(b) A separate Credit Statement-Application is required in connection with each loan made or note purchased.

(c) An insured institution acting in good faith may rely upon the statements of the borrower who signs the Credit Statement-Application. The Administrator does not place upon the insured institution the burden of verifying the truth of any such statements. Even if such statements are investigated after the loan is made and found to be false, this will not affect in any way the eligibility of the note for insurance. However, any borrower making such false statement or misusing the funds, or any dealer, contractor, or lender who knowingly assists in such a violation, will be committing a Federal offense under the provisions of the National Housing Act. In all cases where the insured institution discovers a material misstatement in the Credit Statement-Application, or misuse of the funds, it must promptly report such a discovery to the Administrator.

(d) A loan shall not be made to a borrower who is delinquent at the time the loan is made, as to either principal or interest, with respect to an obligation owing to or insured by any department or agency of the Federal Government.

(e) The prior credit approval of the Administrator shall be obtained on all loans which increase the net amount outstanding, exclusive of financing charges, to any individual borrower to an amount in excess of \$2,500 with respect to any obligation incurred pursuant to the provisions of Title I of the National Housing Act since July 1, 1939.

§ 501.7 Eligible improvements. (a) A loan must be for the purpose of financing eligible improvements within the United States, its Territories and Possessions, commenced on or after July 1, 1939 and prior to July 1, 1941, in reliance upon the credit facilities afforded by Title I of the National Housing Act as approved June 3, 1939.

(b) The proceeds of a loan shall be used only to finance alterations, repairs and improvements upon urban, suburban or rural real property (including

the restoration, rehabilitation, rebuilding and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, cyclone, flood or other catastrophe). For the purpose of this section the following classes of improvements are deemed to be eligible:

Class 1. The repair, alteration or improvement of an existing structure, or the real property in connection therewith. For the purposes of this section, the term "existing structure" means a completed building that has or had a distinctive functional use. The alteration, repair or improvement shall not involve the completion of an unfinished structure.

Class 2. The erection of new structures, exclusive of those used wholly or in part for residential purposes, if:

- (i) Used wholly for non-agricultural purposes;
- (ii) Used wholly or in part for agricultural purposes.

Class 3. The erection of new structures used wholly or in part for residential purposes.

(c) The proceeds of a Class 2 or Class 3 loan shall not be used to supplement another loan or advance of credit not reported for insurance, the payment of which is secured by a prior lien created in connection with the building of such new structure.

(d) The proceeds of a loan shall not be used for the purchase of land.

(e) The proceeds of a loan may be used to pay for architectural and engineering services performed in connection with eligible alterations, repairs or improvements financed in accordance with the regulations in this part.

(f) The proceeds of a loan shall not be used for the purpose of refinancing existing obligations not previously reported for insurance pursuant to the regulations in this part.

(g) Where any doubt exists as to the eligibility of a transaction which is to be financed with an insured loan, the facts of the case should be submitted to the Administrator for a decision and ruling.

§ 501.8 Effect of prior mortgages insured or held by the Administrator. If the applicant's Credit Statement-Application reveals that the property to be improved, altered or repaired with proceeds of a loan applied for pursuant to the terms of Title I of the National Housing Act, as amended, is already the subject of a mortgage held by the Administrator or insured by him under the provisions of Title II of the National Housing Act, the loan application shall be submitted to the Administrator for prior approval only as to credit and as to the purpose for which the proceeds of the loan applied for are to be used; provided, however, that no such approval shall be deemed to be binding upon the Administrator with respect to compliance with any other provision of the regulations in this part or the eligibility of the pro-

posed alterations, repairs or improvements for financing under Title I of the National Housing Act, as amended.

§ 501.9 Completion certificate; statements. (a) An insured institution may not disburse the proceeds of a loan to one other than the borrower or to the borrower and another jointly until it has first:

- (1) Obtained a Completion or Installation Certificate signed by the borrower in the following, or a substantially similar, form:

BORROWER'S COMPLETION CERTIFICATE

*Notice to Borrower*¹—Do not sign this Certificate until the work is satisfactorily completed

Dated _____ 19____

I (we) the undersigned hereby certify that all articles and materials have been furnished and installed and the work satisfactorily completed on premises at _____, in accordance with my application for a loan dated _____ pursuant to the provisions of Title I of the National Housing Act, as amended. (Signature) _____

- (2) Obtained a statement signed by the dealer, contractor or applicator in the following, or a substantially similar, form:

DEALER/CONTRACTOR/APPLICATOR STATEMENT

To the _____ (lending institution) of _____ 19____

In consideration of your accepting the note of _____ (Name of borrower(s) for \$_____, dated _____) we (I) hereby certify that all articles and materials contracted for have been furnished and installed and the work fully completed, that the signature(s) on the note and Completion Certificate are genuine, that the Completion or Installation Certificate was signed after the articles and materials contracted for had been furnished and installed and the work fully completed, and we (I) guarantee that all bills will be paid both for labor and materials, and that no liens have or will be filed against the improved property in connection with this work other than those which have been or may be filed as collateral security for the payment of this note. (Signature) _____

(Name) _____

(Title) _____

- (3) A written authorization signed by the borrower authorizing payment of the proceeds to the person to whom paid, in the following, or a substantially similar, form:

BORROWER'S AUTHORIZATION FORM

I (we) hereby authorize and direct the _____ (financial institution) to pay \$_____, of the proceeds of my (our) note dated _____, for \$_____, to _____

(Signature) _____

- (b) For the purpose of this section, if there are two or more eligible borrowers

¹ (Insured Institution please note) The wording "Notice to borrower—Do not sign this Certificate until the work is satisfactorily completed." must be in type size at least three times the size of the next largest type appearing on the form of Borrower's Completion Certificate.

involved in the transaction only one signature is required on the Completion Certificate or Authorization Form.

§ 501.10 Refinancing. (a) New obligations to liquidate loans previously reported for insurance pursuant to Title I of the Act effective July 1, 1939 which may or may not include an additional amount advanced will be covered by insurance, provided:

- (1) They meet the requirements of all applicable regulations;

(2) Are reported to the Administrator on the proper form within 31 days from date of execution;

(3) Have a maturity not in excess of the maximum permitted under the regulations in this part from the date of the original obligation;

(4) If an additional advance is made, the full unearned charge on the original note shall be refunded to the borrower;

(5) If no additional advance is made, the full unearned charge on the original note shall be refunded to the borrower, except that a handling charge not in excess of \$2.00 may be assessed to the borrower;

(6) They are evidenced by notes which meet with the requirements of section 501.3 and other applicable regulations.

(b) An agreement to defer payments on a note previously reported for insurance under the regulations in this part without rewriting the note will not affect the insurance coverage on the loan provided:

- (1) That such agreement is evidenced in writing;

(2) That payments shall not be deferred for more than five months from the due date of the last fully-paid installment;

(3) That such agreement shall not extend the final maturity of the obligation beyond the maturity date of the obligation as provided by its original terms;

(4) That if the lending institution assesses the borrower for the cost of such deferral, such charge may not be in excess of an equivalent amount of late charges as provided in section 501.3 (f).

§ 501.11 Report of loans. Eligible loans shall be reported on the proper form to the Federal Housing Administration, Washington, D. C., within 31 days from the date of the note, or the date upon which it was purchased, in order to be covered by the insurance. All loans refinanced shall likewise be reported within 31 days, on the proper form. In any case, the Administrator may, in his discretion, accept a late report.

§ 501.12 Claims. (a) Claim for reimbursement for loss on a qualified loan shall be made as provided in this section.

(b) (1) Claim for reimbursement for loss on a qualified loan may be made to the Administrator after default on any installment, provided demand has been made upon the debtor for the full unpaid balance.

(2) For the purpose of this section, any payment received on an account, including payments on a judgment predicated thereon, shall be applied to the earliest unpaid installment, and whenever any installment is six months in arrears claim shall be made within 31 days.

(3) In the case of yearly installment notes, whenever an installment is twelve months in arrears claim must be made within 31 days thereafter.

(4) Upon presentation to him of the facts of a particular case within the allowable claim period prescribed in this section, the Administrator may, in his discretion, extend the time within which claim must be made.

(c) Subject to section 501.17 claim may be made only for loss sustained by the insured institution itself, and may include:

(1) Net unpaid amount of advance actually made or the actual purchase price of the note, whichever is the lesser;

(2) Uncollected earned interest (after default interest is not to be claimed at a rate to exceed 4% per annum and will be calculated to the date the claim is approved for payment);

(3) Uncollected court costs, including fees paid for issuing, serving and filing summons;

(4) Attorney's fees not exceeding 15% of the amount collected by the attorney on the defaulted note;

(5) Handling fee of \$5 for each loan, if judgment is secured, plus 5% of amounts collected subsequent to return of unsatisfied property execution;

(6) An insured institution may not waive its claim against the borrower for attorney fees and subsequently call upon the Administrator for payment of such an item.

(d) Claim shall be made on a form provided by the Administrator, filled out completely and executed in duplicate by a duly qualified officer of the insured institution. If the regulations in this part have been complied with, payment of the loss will be made on audit of the claim and upon proper assignment to the United States of America, of the note upon which the loss occurred, together with any security taken to secure payment thereof. Any security or judgment taken must be assigned, and if any claim has been filed in bankruptcy, insolvency or probate proceedings, such claim shall likewise be assigned to the United States of America.

(e) Where a real estate mortgage, deed of trust, or a conditional sales contract, chattel mortgage or any other security device has been used to secure the payment of loans for eligible purposes, the insured institution may not both proceed against such security and also make claim under its Contract of Insurance, but shall elect which method it desires to pursue. If claim is made, such security device shall be assigned, in its entirety, to the United States of Amer-

ica. If the security taken is non-assignable, all rights in such security shall be exhausted by the insured institution or the claim against the Administrator reduced by the full face amount of the security taken before claim will be paid by the Administrator.

(f) The following form of assignment properly dated shall be used in assigning a note, judgment, real estate mortgage, deed of trust, conditional sales contract, chattel mortgage or any other security device in event of claim:

All right, title and interest of the undersigned is hereby assigned (without warranty, except that the note qualifies for insurance) to the United States of America.

Financial Institution
By _____
Title _____

(date)

§ 501.13 New dwelling structure loans. A loan for the purpose of financing the building of a new structure to be used wholly or in part for residential purposes:

(a) Shall not be in excess of \$2,500, exclusive of financing charges to the borrower.

(b) Shall not have a maturity in excess of ten years and thirty-two days from the date of the note.

(c) Shall be expended in erecting a new structure on real estate owned by the borrower in fee simple, or held by the borrower under a lease expiring not less than six months after the maturity of the loan.

(d) Shall be secured by collateral security in the form of a duly recorded first mortgage, first deed of trust, or similar instrument which constitutes a first lien upon such fee simple or leasehold interest in the property upon which the new structure is to be built and all buildings, appurtenances and improvements thereon, except that in the case of institutions publicly supervised and prohibited by law or regulation from advancing an amount equal to the full loan insurable under Title I of the National Housing Act, the requirement relative to collateral security may be disregarded and the taking of such security is left to the discretion of the insured institution.

(e) Shall be made to a borrower who has established to the satisfaction of the insured institution that after such mortgage, deed of trust or similar instrument has been recorded, such fee simple or leasehold interest which is covered thereby will be free and clear of all liens other than such mortgage, deed of trust or security instrument, and that there will not be outstanding any other unpaid obligation contracted in connection with the loan transaction except obligations which are secured by property or collateral owned by the borrower independently of the property upon which the new structure or new structures as

provided by these regulations in this part are to be built.

(f) Shall be protected by fire insurance coverage which shall be obtained and kept in force by the insured institution in an amount at least equal to the unpaid principal of the loan, naming the lending institution as beneficiary. In event of loss or damage, the proceeds of such insurance shall be payable to the lending institution and shall either be applied to the reduction of the unpaid balance of the loan or, if the borrower desires to obtain the use of such proceeds for the purpose of repairing or reconstructing the damaged structure, the lending institution may release such proceeds to the borrower for such purposes. In areas where it is impossible to obtain full fire insurance coverage, the maximum allowed in that area will be acceptable.

(g) The insured institution may rely upon the statements made by the borrower on his signed Certificate of Conformity with respect to the collateral security requirements of paragraphs (c), (d), and (e) of this section.

§ 501.14 New dwelling structure requirements. A new structure which is to be used in whole or in part for residential purposes shall conform with the following conditions:

(a) Such new structure shall be erected in conformity with all applicable laws, ordinances and regulations, including codes, zoning ordinances, and health regulations.

(b) *Property requirements*—(1) *Minimum land area for any one dwelling.*

(i) Where public water supply and public sewer are available the minimum land area for any one dwelling shall be 4,000 square feet, except in those areas wherein there is seasonal occupancy (examples of such areas are summer camps, resort properties, and those properties not generally used as year-round residences), or wherein the existing lots have been platted prior to February 3, 1938, with smaller land areas, in which cases there is no minimum land area.

(ii) Where public water supply is available and private sewage disposal system (cesspool or septic tank) is used, or where public water supply is not available but a public sewer is available, the minimum land area shall be 7,500 square feet. This area may be reduced when the installation of the proposed private sewage disposal system is in conformity with state regulations, and the written approval or acceptance is received from the local health officer, but, in no event, shall such land area be less than 4,000 square feet.

(iii) Where neither a public sewer nor a public water supply is available the minimum land area shall be 20,000 square feet. This area may be reduced when the private water supply and the proposed private sanitary facilities (cesspool, septic tank or outdoor toilet) are in conformity with state regulations and written approval or acceptance is re-

ceived from the local health officer, but in no event shall such land area be less than 4,000 square feet.

(c) *Structural requirements*—(1) *Foundations.* (i) All foundations shall be of masonry and shall be pier, wall or slab construction.

(ii) Foundations other than slab foundation shall be carried below the frost line prevailing in the neighborhood.

(iii) No wood construction shall be less than 18 inches from the ground in un-excavated portions, and 8 inches from the ground on the exterior, except where masonry slab foundation is employed, in which case exterior wood construction shall be at least 8 inches above the finished grade.

(2) *Minimum Floor Area* of the dwelling shall be 360 square feet. In the case of seasonal occupancy, the requirement with respect to minimum floor area need not apply.

(3) *Windows.* All habitable rooms, including bathrooms, shall be provided with one or more windows to permit adequate natural light and ventilation.

(4) *Water supply.* (i) When public water supply is available, connection shall be made to public water main.

(ii) When public water supply is not available, a private water supply shall be on the mortgaged property and may be a drilled, driven or dug well or a natural spring.

(5) *Sewage disposal.* (i) When a water supply (private or public) and public sewer are available, a bathroom shall be provided and running water shall be piped and connected to all plumbing fixtures and the kitchen sink and connections shall be made to public sewer main.

(ii) When public water supply is available, but a public sewer is not available, a bathroom shall be provided and running water shall be piped and connected to all plumbing fixtures and the kitchen sink and a cesspool or septic tank shall be installed.

(iii) When public water supply is not available, the requirements of (2) are not applicable.

(iv) Prior to the start of construction, the borrower shall furnish the insured institution a signed Certificate of Conformity, approved as to form or supplied by the Administrator, clearly stating the necessary information, from which the institution can determine whether there is conformity with the required conditions set forth in this section. The insured institution may rely upon the statements made by the borrower on his signed Certificate of Conformity, with the exception that if the written approval or acceptance of the proposed improvement by the local health officer is required as provided in this section, such written acceptance or approval shall be delivered to the insured institution and retained in its file on the transaction.

(v) The above conditions may be varied under special circumstances and in certain areas upon prior approval of the Administrator.

§ 501.15 *Prior approval; new dwelling structure loans.* (a) A loan for the purpose of financing the building of a new structure, for use in whole or in part for residential purposes, will be eligible for insurance only if prior to the start of construction the lending institution obtains from the local Insuring Office of the Federal Housing Administration a certificate signed by the State or District Director and the Chief Underwriter approving the loan in relation to the provisions in paragraph (b) of this section.

(b) *Disapproval* shall be given:

(1) If the specific site is acceptable for development with the proceeds of a mortgage insurable under the provisions of Title II of the National Housing Act; except Section 203 (d), or

(2) If the proposed new structure is not substantially similar in type and size to existing typical structures in the neighborhood, or

(3) If, at the time and in the community, such large numbers of new single-family dwellings have been or are being erected as to jeopardize the levels of values and rents in the community or impair the continued marketability of such dwellings.

(c) The approval provided for in paragraph (a) of this section shall not be binding upon the Administrator with respect to compliance with any other provisions of the regulations in this part.

§ 501.16 *Allowable new dwelling structure fees.* (a) In addition to the maximum permissible financing charge which may be paid by the borrower in connection with a loan for the purpose of financing the building of a new structure for use in whole or in part for residential purposes as provided in section 501.5, the following allowable costs or expenses if incurred by the insured institution in connection with the transaction may be collected from the borrower, provided such costs or expenses are not paid from the net proceeds advanced to the borrower:

- (1) Recording fees.
- (2) Title examination fees.
- (3) Fire Insurance Premiums.
- (4) Total actual appraisal-inspection fee not in excess of \$15.00.

(b) The borrower may pay to the lending institution and the lending institution may accept from the borrower a sum which will be sufficient to pay the ground rents, if any, and the estimated taxes and special assessments for the period beginning on the date to which such ground rents, taxes, and assessments were last paid and ending on their due date. The handling of such funds for the accommodation of the borrower shall not be construed as increasing the maximum per-

missible financing charge provided in section 501.5.

§ 501.17 *Insurance reserve.* (a) Subject to the limitation that his total liability which may be outstanding at any one time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted shall not exceed \$100,000,000, the Administrator, in accordance with section 501.12, will reimburse any insured institution for losses sustained by it up to a total aggregate amount equal to 10% of the total amount advanced by it during the time its Contract of Insurance is in force, on all eligible obligations previously reported for insurance, taken or purchased by it on and after July 1, 1939, and held by it, or on which it remains liable.

(b) If obligations previously reported for insurance under Contracts of Insurance issued pursuant to the National Housing Act, as amended, effective July 1, 1939, are sold to another insured institution endorsed with or without recourse, the buying and selling institutions may agree, with the prior approval of the Administrator, to transfer all or any part of the insurance reserve standing to the credit of the selling institution, to the purchasing institution. Where the parties agree to transfer an insurance reserve in excess of 10% of the actual purchase price of the obligations involved, or in excess of 10% of the net unpaid original advance on the obligations involved, whichever is the lesser, the entire insurance reserve transferred may be used to pay only those claims arising out of defaults occurring in the transferred obligations. When the obligations so transferred have all been fully paid to the purchasing institution, it shall so notify the Administrator, and any insurance reserve remaining unused shall thereupon revert to the institution from which it was originally transferred.

(c) Where the parties agree to transfer an insurance reserve not in excess of 10% of the actual purchase price of the obligations involved, or not in excess of 10% of the net unpaid original advance on the obligations involved, whichever is the lesser, the insurance reserve so transferred will be credited to the general reserve of the purchasing institution in the absence of any agreement to the contrary between the purchasing and selling institutions.

(d) The transfer of insurance reserve in cases of merger or consolidation of two or more insured institutions, or of an insured with an uninsured institution, will be provided for by the Administrator in accordance with the facts of the particular case.

(e) In all cases involving the transfer of insured obligation, the reports required by section 501.11 must be filed and shall indicate the intent of the parties with regard to the transfer of the insurance reserve, and must show that no note to be transferred is delinquent

more than one calendar month at the time of such transfer.

(f) Where the notes are transferred without recourse, guarantee, or repurchase agreement and the reports do not indicate the intent of the parties, the insurance reserve will be transferred to the general reserve of the purchasing institution on the basis of 10% of the actual purchase price of the obligations involved, or 10% of the net unpaid original advance on the obligations involved, whichever is the lesser.

(g) Where the transfer of the obligations is with recourse or under a guarantee or purchase agreement and the required reports do not show the intent of the parties, no insurance reserve will be transferred.

(h) The selling price on the transfer of an insured note between insured institutions will not affect the insurance on the note. The calculation of insured loss will be based on the original transaction of the institution first reporting the loan for insurance.

(i) Where notes reported for insurance by one insured institution are pledged to another insured institution as security for a loan, an assignment of the pledging institution's insurance reserve may be made with the prior consent of the Administrator provided requests for such consent are accompanied by a signed agreement between the two institutions.

(j) Amounts which may be salvaged by the Administrator with respect to a loan in connection with which an institution has been reimbursed under its Contract of Insurance shall not be added to the insurance reserve remaining to the credit of such institution.

§ 501.18 *Insurance charge.* (a) Insured institutions shall pay to the Administrator an insurance charge equal to three-fourths of 1 per centum per annum of the net proceeds of any loan reported for insurance; *Provided, however.* That such insurance charge shall be equal to one-half of 1 per centum per annum of the net proceeds of any loan which is for the purpose of financing the construction of a new structure for use in whole or in part for residential purposes.

(b) The insurance charge so calculated shall be paid by check or draft to the order of the Federal Housing Administrator, within twenty-five days of the date the Administrator acknowledges receipt of the report of any such loan to the insured institution.

(c) When the proceeds of any loan are used to liquidate a loan previously reported for insurance under the regulations in this part, there shall be deducted from the amount of the insurance charge the pro-rata share of the insurance charge paid on the original obligation.

(d) There shall not be refunded any portion of the insurance charge paid by

the insured institution with respect to any loan, unless it is subsequently found to have been in whole or in part ineligible for insurance, in which event the insurance charge paid with respect to the ineligible portion of the advance shall be refunded by the Administrator to the insured institution.

(e) The purchaser of an insured obligation shall not be required to pay the insurance charge provided in this section with respect to the insurance of any obligation transferred under the provisions of section 501.17 with respect to which an insurance charge has previously been paid by the seller, and no refund shall be made to the seller as to any part of the insurance charge previously paid with respect to any obligation so transferred. Any adjustments of the insurance charge paid with respect to the insurance of any obligation transferred shall be made between the purchaser and the seller.

(f) No part of the insurance charge paid by the insured institution shall be passed on to the borrower either directly or indirectly nor shall it increase the maximum permissible charge which may be paid by the borrower for interest, discount and fees of all kinds in connection with the transaction as provided in the regulations in this part.

(g) Subject to the other provisions of the regulations in this part, the insurance granted under Title I of the National Housing Act, as amended, shall be effective with respect to any loan from the date of the report thereof to the Administrator provided that the insurance charge with respect to such loan has been paid as required by this section.

§ 501.19 *Administrative reports and examination.* The Administrator, in his discretion, may at any time or from time to time call for a report from any institution on the delinquency status of the obligations held by such institution and reported for insurance, or call for such reports as he may deem to be necessary in connection with the regulations in this part, or he or his authorized representative may inspect the books or accounts of the lending institution as they pertain to the loans reported for insurance.

§ 501.20 *Amendments.* The regulations in this part may be amended by the Administrator at any time and from time to time, in whole or in part, but such amendment shall not affect the insurance with respect to any loan made or obligation purchased prior to the issuance of such amendment.

§ 501.21 *Effective date.* The regulations in this part are effective July 1, 1939 and govern the insurance of property improvement loans under Title I of the National Housing Act, as amended by act of Congress, approved June 3, 1939, and shall have the same force and effect as if included in and made a part of each Contract of Insurance issued on

and after their effective date. The regulations in this part supersede all regulations heretofore in effect, including Special Regulations and Questions and Answers governing Section 6 loans.¹

Issued at Washington, D. C., June 20, 1939.

STEWART McDONALD,
Federal Housing Administrator.

[F. R. Doc. 39-2304; Filed, July 1, 1939;
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RESTORATION AND REHABILITATION LOANS

REGULATIONS NO LONGER IN EFFECT

This is to certify that due to the repeal of Section 6, Title I of the National Housing Act (49 Stat. 1232, 1233, 50 Stat. 70; 12 U.S.C. Supp. IV 1706a) the Regulations covering restoration and rehabilitation loans,² effective April 23, 1937, are no longer in effect.

W. M. BRITTAINE.

[F. R. Doc. 39-2303; Filed, July 1, 1939;
9:47 a. m.]

TITLE 26—INTERNAL REVENUE

BUREAU OF INTERNAL REVENUE

[T. D. 4910]

PARTS 2 AND 465—TAX ON UNJUST ENRICHMENT UNDER THE REVENUE ACT OF 1936

To Collectors of Internal Revenue and Others Concerned:

Paragraph (6) under the heading of "Method II" in article 13 of Regulations 95³ (section 2.13, Method II, paragraph (6), of Title 26, Code of Federal Regulations), and that article as made applicable to the Internal Revenue Code by Treasury Decision 4885⁴ (Part 465, Subpart B, of such Title 26), is amended to read as follows:

"The difference between each aggregate selling price computed as provided in paragraph (1), above, and the deductions specified in paragraph (2), above, shall be divided by the total number of units determined as provided in paragraphs (4). The resulting amount per unit shall be the margin per unit except that in the case of a taxable year during all of which the Federal excise tax in question was in effect, the following adjustment, made in the return, will ordinarily be allowed pursuant to section 501 (1): A deduction from the amount per unit, computed as provided in the first sentence of this paragraph, of an amount

¹ 3 F.R. 407 D.I.

² Appear as Part 511, CFR.

³ 1 F.R. 1082.

⁴ 4 F.R. 879 D.I.

equal to the amount obtained by dividing by the total number of units determined as provided in paragraph (4), the reimbursement to purchasers made as specified in section 501 (f) (3) with respect to the articles expressed in terms of units determined in each case under (A), (B), or (C), respectively, of paragraph (5), and the remainder, if any, in such case shall be the margin per unit."

(This Treasury Decision is prescribed pursuant to the following sections of law: Sections 700 (e) (2), 702 (a) and 62 of the Internal Revenue Code (53 Stat. Part 1); sections 501 (e) (2), 503 (a) and 62 of the Revenue Act of 1936 (49 Stat. 1734, 1738, 1673; 26 U.S.C. Sup. IV, 345 (e) (2), 345b (a), 62.)

[SEAL] HAROLD N. GRAVES,
Acting Commissioner of
Internal Revenue.

Approved, July 1, 1939.

HERBERT E. GASTON,
Acting Secretary of the Treasury.

[F. R. Doc. 39-2354; Filed, July 6, 1939;
11:53 a. m.]

**TITLE 31—MONEY AND FINANCE:
TREASURY**

CHAPTER I—MONETARY OFFICES

[1939—Department Circular No. 1]

PART 129—VALUES OF FOREIGN MONEYS

JULY 1, 1939.

§ 129.2 *Calendar year 1939—(c)*
Quarter beginning July 1, 1939. Pursuant to section 522, title IV, of the Tariff Act of 1930, reenacting section 25 of the act of August 27, 1894, as amended, the following estimates by the Director of the Mint of the values of foreign monetary units are hereby proclaimed to be the values of such units in terms of the money of account of the United States that are to be followed in estimating the value of all foreign merchandise exported to the United States during the quarter beginning July 1, 1939, expressed in any such foreign monetary units: *Provided, however,* That if no such value has been proclaimed, or if the value so proclaimed varies by 5 per centum or more from a value measured by the buying rate in the New York market at noon on the day of exportation, conversion shall be made at a value measured by such buying rate, as determined and certified by the Federal Reserve Bank of New York and published by the Secretary of the Treasury pursuant to the provisions of section 522, title IV, of the Tariff Act of 1930.

[SEAL] HERBERT E. GASTON,
Acting Secretary of the Treasury.

[F. R. Doc. 39-2336; Filed, July 5, 1939;
4:19 p. m.]

Values of Foreign Monetary Units (at Par as Regards Gold Units; Nongold Units Have No Fixed Par With Gold)

Country	Monetary unit	Value in terms of U. S. money	Remarks
Argentine Republic	Peso	\$1.6935	Given valuation is of gold peso. Paper nominally convertible at 44% of face value. Conversion suspended Dec. 16, 1929.
Australia	Pound	8.2397	Control of gold stocks and exports authorized Dec. 17, 1929.
Belgium	Belga	.1695	By decree of Mar. 31, 1936, One belga equals 5 Belgian francs.
Bolivia	Boliviano	.6180	Conversion of notes into gold suspended Sept. 23, 1931.
Brazil	Milreis	.0606	Based upon official rate for milreis in terms of the dollar as announced by the Bank of Brazil. Conversion of Stabilization-Office notes into gold suspended Nov. 22, 1930.
British Honduras	Dollar	1.6931	Conversion of notes suspended.
Bulgaria	Lev	.0122	Exchange control established Oct. 15, 1931.
Canada	Dollar	1.6931	Embargo on export of gold, Oct. 19, 1931; redemption of Dominion notes in gold suspended Apr. 10, 1933.
Chile	Peso	.2060	Given valuation is of gold peso. Gold pesos are received for conversion at the rate of 4 paper pesos for one gold peso. Conversion of notes suspended July 30, 1931.
China	Yuan		Silver standard abandoned by decree of Nov. 3, 1935, bank notes made legal tender under Currency Board control; exchange rate for British currency primarily fixed at about 1 s. 2½ d., or about 29½¢ U. S. per yuan.
Hong Kong	Dollar		Treasury notes and notes of the three banks of issue made legal tender by silver nationalization ordinance of Dec. 5, 1935; exchange fund created to control exchange rate.
Colombia	Peso	.5714	Obligation to sell gold suspended Sept. 24, 1931. New gold content of .56424 grams of gold ½ fine established by monetary law of Nov. 19, 1938, effective Nov. 30, 1938.
Costa Rica	Colon	.7879	Conversion of notes into gold suspended Sept. 18, 1914; exchange control established Jan. 16, 1932.
Cuba	Peso	1.0000	By law of May 25, 1934.
Czechoslovakia	Koruna		Conversion of notes into gold suspended Sept. 29, 1931.
Denmark	Krone	.4537	U. S. money is principal circulating medium.
Dominican Republic	Dollar	1.6931	Conversion of notes into gold suspended Sept. 29, 1931.
Ecuador	Sucre	.3386	Conversion of notes into gold suspended Feb. 9, 1932.
Egypt	Pound (100 piasters)	8.3692	Conversion of notes into gold suspended Sept. 21, 1931.
Estonia	Kroon	.4537	Conversion of notes into gold suspended June 28, 1933.
Finland	Markka	.0426	Conversion of notes into gold suspended Oct. 12, 1931.
France	Franc		Provisions of Monetary law of Oct. 1, 1936, providing for gold content of franc, superseded by decree of June 30, 1937, which stated that the gold content of the franc shall be fixed ultimately by a decree adopted by the Council of Ministers. Until issuance of such decree a stabilization fund shall regulate the relationship between the franc and foreign currencies.
Germany	Reichsmark	.4033	Exchange control established July 13, 1931.
Great Britain	Pound Sterling	8.2397	Obligation to sell gold at legal monetary par suspended Sept. 21, 1931.
Greece	Drachma	.0220	Conversion of notes into gold suspended Apr. 26, 1932.
Guatemala	Quetzal	1.6931	Conversion of notes into gold suspended Mar. 6, 1933.
Haiti	Gourde	.2000	National bank notes redeemable on demand in U. S. dollars.
Honduras	Lempira	.8466	Gold exports prohibited Mar. 27, 1931; lempira circulates as equivalent of half of U. S. dollar.
Hungary	Pengö	.2961	Exchange control established July 17, 1931.
India (British)	Rupee	.6180	Obligation to sell gold at legal monetary par suspended Sept. 21, 1931.
Indo-China	Piaster		Piaster pegged to French franc at the rate of 1 piaster=10 French francs; conversion of notes into gold suspended Oct. 2, 1936.
Ireland	Pound	8.2397	Conversion of notes into gold suspended Sept. 21, 1931.
Italy	Lira	.0526	New gold content of 46.77 milligrams of fine gold per lira established by monetary law of Oct. 5, 1936.
Japan	Yen	.8440	Embargo on gold exports Dec. 13, 1931.
Latvia	Lat		Currency pegged to sterling Sept. 28, 1936, at 2,522 lati = £100.
Liberia	Dollar	1.6931	British money is principal circulating medium.
Lithuania	Litas	.1693	Free export of gold suspended Oct. 1, 1935.
Mexico	Peso		Decree of Aug. 28, 1936, left the monetary unit, the peso, to be later defined by law.
Netherlands and colonies	Guilder (florin)	.6806	Suspension of convertibility of notes into gold and restrictions placed on free gold exports—Sept. 26, 1936; gold export prohibition repealed by decree June 28, 1938.
Newfoundland	Dollar	1.6931	Newfoundland and Canadian notes legal tender.
New Zealand	Pound	8.2397	Conversion of notes into gold suspended and export of gold restricted, Aug. 5, 1934; exchange regulations Dec. 1931.
Nicaragua	Cordoba	1.6933	Embargo on gold exports Nov. 13, 1931.
Norway	Krone	.4537	Conversion of notes into gold suspended Sept. 29, 1931.

Values of Foreign Monetary Units (at Par as Regards Gold Units; Nongold Units Have No Fixed Par With Gold)—Continued

Country	Monetary unit	Value in terms of U. S. money	Remarks
Panama	Balboa	\$1.6933	
Paraguay	Peso (Argentine)	1.6335	U. S. money is principal circulating medium. Paraguayan paper currency is used; exchange control established June 28, 1932.
Persia (Iran)	Rial	.0824	Obligation to pay out gold deferred Mar. 13, 1932; exchange control established Mar. 1, 1936.
Peru	Sol	.4740	Conversion of notes into gold suspended May 18, 1932.
Philippine Islands	Peso	.5000	By act approved Mar. 16, 1935.
Poland	Zloty	.1899	Exchange control established Apr. 27, 1936.
Portugal	Escudo	.0749	Gold exchange standard suspended Dec. 31, 1931.
Rumania	Leu	.0101	Exchange control established May 18, 1932.
Salvador	Colon	.8466	Conversion of notes into gold suspended Oct. 7, 1931.
Siam	Baht (Tical)	.7491	Conversion of notes into gold suspended May 11, 1932.
Spain	Peseta		
Straits Settlements	Dollar	.9613	British pound sterling and Straits dollar and half dollar legal tender.
Sweden	Krona	.4537	Conversion of notes into gold suspended Sept. 29, 1931.
Switzerland	Franc		Order of Federal Council enacted Sept. 27, 1936, instructed the Swiss National Bank to maintain the gold parity of the franc at a value ranging between 190 and 215 milligrams of fine gold.
Turkey	Piaster	.0744	100 piasters equal to the Turkish £; conversion of notes into gold suspended 1916; exchange control established Feb. 26, 1930.
Union of South Africa	Pound	8.2397	Conversion of notes into gold suspended Dec. 28, 1932.
Union of Soviet Republics	Chervonetz	8.7123	Conversion of notes into gold suspended Aug. 2, 1914; exchange control established Sept. 7, 1931.
Uruguay	Peso	.6583	New gold content of .585018 grams of pure gold per peso established by monetary law of Jan. 12, 1938.
Venezuela	Bolivar	.3267	Exchange control established Dec. 12, 1936.
Yugoslavia	Dinar	.0298	Exchange control established Oct. 7, 1931.

(Sec. 25, 28 Stat. 552; sec. 403, 42 Stat. 17; sec. 552, 42 Stat. 974; sec. 522, 46 Stat. 739; 31 U.S.C. 372.)

JULY 1, 1939.

TITLE 46—SHIPPING

BUREAU OF MARINE INSPECTION AND NAVIGATION

CUSTOMS PORTS AUTHORIZED TO ISSUE MARINE DOCUMENTS

§ 600.1¹ *Customs ports authorized to issue marine documents* is amended to read as follows:

ATLANTIC AND GULF COASTS

Maine and New Hampshire (1):

Eastport.
Calais.
Jonesport.
Bar Harbor.
Bangor.
Belfast.
Rockland.

¹ This section number corresponds with that used for this regulation appearing in the codified regulations of the Bureau of Marine Inspection and Navigation, Department of Commerce, filed with the Codification Board, June 30, 1938.

Bath.	
*Portland.	
Portsmouth.	
Massachusetts (4):	
Gloucester.	
Salem.	
*Boston.	
Provincetown.	
New Bedford.	
Fall River.	
Rhode Island (5):	
*Providence.	
Newport.	
Connecticut (6):	
New London.	
Hartford.	
New Haven.	
*Bridgeport.	
New York (10):	
*New York.	
Albany.	
Newark.	
Perth Amboy.	
Philadelphia (11):	
*Philadelphia.	
Wilmington.	
Maryland (13):	
*Baltimore.	
Annapolis.	
Crisfield.	
Cambridge.	
Washington.	

Virginia (14):	
Alexandria.	
Reedville.	
*Newport News.	
*Norfolk.	
Cape Charles.	
North Carolina (15):	
Elizabeth City.	
Washington. (See text below.)	
Beaufort.	
*Wilmington.	
South Carolina (16):	
Georgetown.	
*Charleston.	
Georgia (17):	
*Savannah.	
Brunswick.	
Florida (18):	
Fernandina.	
Jacksonville.	
St. Augustine.	
Miami.	
Key West.	
*Tampa.	
Apalachicola.	
Pensacola.	
Mobile (19):	
*Mobile.	
Biloxi.	
Gulfport.	
See also Rivers.	
New Orleans (20):	
*New Orleans.	
See also Rivers.	
Sabine (21):	
*Port Arthur.	
Beaumont.	
Lake Charles, La.	
Galveston (22):	
*Galveston.	
Houston.	
San Antonio (23):	
*San Antonio.	
Corpus Christi.	
Puerto Rico (49):	
*San Juan.	
Virgin Islands:	
*St. Thomas.	
WESTERN RIVERS	
New Orleans (20):	
*New Orleans.	
Baton Rouge.	
See also Gulf.	
Tennessee (43):	
*Memphis.	
Nashville.	
Chattanooga.	
Mobile (19):	
*Mobile.	
See also Gulf.	
Kentucky (42):	
*Louisville.	
St. Louis (45):	
*St. Louis.	
Kansas City.	

Omaha (46):
*Omaha.
Dakota (34):
*Pembina.
Montana and Idaho (33):
*Great Falls.
Iowa (44):
*Des Moines.
Minnesota (35):
*Minneapolis.
Duluth and Superior (36):
*Duluth.
See also Lakes.
Wisconsin (37):
*Milwaukee.
See also Lakes.
Chicago (39):
*Chicago.
Peoria.
See also Lakes.
Indiana (40):
*Indianapolis.
Evansville.
Ohio (41):
Cincinnati.
See also Lakes.
Pittsburgh (12):
*Pittsburgh.

NORTHERN LAKES

Vermont (2):
*St. Albans.
Burlington.
St. Lawrence (7):
Rouses Point.
*Ogdensburg.
Cape Vincent.
Rochester (8):
Oswego.
*Rochester.
Buffalo (9):
*Buffalo.
Ohio (41):
Erie.
*Cleveland.
Sandusky.
Toledo.
See also Rivers.

Michigan (36):
*Detroit.
Port Huron.
Sault Ste. Marie.
Grand Haven.
Chicago (39):
*Chicago.
See also Rivers.
Wisconsin (37):
*Milwaukee.
See also Rivers.
Duluth and Superior (36):
*Duluth.
See also Rivers.
PACIFIC COAST
San Diego (25):
*San Diego.
Los Angeles (27):
*Los Angeles.
Port San Luis.
San Francisco (28):
*San Francisco-Oakland.
Eureka.
Oregon (29):
Marshfield.
Astoria.
*Portland.
Washington (30):
Tacoma.
*Seattle.
Bellingham.
Port Townsend.
Port Angeles.
Aberdeen.
Alaska (31):
Ketchikan.
Hyder.
Wrangell.
Petersburg.
Eagle.
*Juneau.
Sitka.
Skagway.
Cordova.
Fairbanks.
Hawaii (32):
*Honolulu.

The grand divisions are printed in capitals, the district names in small capitals, with the numbers enclosed in parentheses, and the ports in roman with asterisks (*) to indicate the headquarters ports. Marine documents are not issued at the headquarters ports of San Antonio, Indianapolis, and St. Albans, nor in the districts of El Paso (24), Arizona (26), Colorado (47), and Utah and Nevada (48).

Marine documents may be issued at the port of Washington, N.C. Washington is a customs station, but not a port of entry.

A duplicate of each marine document issued to a vessel, together with the surrendered original, if there is one, should be sent to the headquarters port for review. All duplicates, surrendered originals, and copies of lost originals must be forwarded from the headquarters port to the Director of the Bureau of Marine Inspection and Navigation at the end of each day.

A license may be renewed by endorsement by the collector at the headquarters port or by any deputy collector within that particular district, but a notice of such renewal, Cat. No. 1302, must be sent to the port at which the license was issued, to the port of last previous renewal, and to the home port.

Additional ports will be designated as ports of documentation when this action is required by the exigencies of the service.

[Section 161 R. S. (5 U.S.C. 22); Sections 2 and 3 of the Act of July 5, 1884 (23 Stat. 118) (46 U.S.C. 2 and 3)]

[SEAL] J. M. JOHNSON,
Acting Secretary of Commerce.

JULY 1, 1939.

[F. R. Doc. 39-2334; Filed, July 5, 1939;
12:34 p. m.]

**TITLE 47—TELECOMMUNICATION
FEDERAL COMMUNICATIONS COM-
MISSION**
**PART 34—UNIFORM SYSTEM OF ACCOUNTS
FOR RADIOTELEGRAPH CARRIERS*†**

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* Promulgated under the authority contained in Sec. 220, 48 Stat. 1078; 47 U.S.C. 220.

† Adopted by the FCC on June 27, 1939, to become effective Jan. 1, 1940.

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§ 34.01-1 Carriers subject to this system of accounts. This system of accounts applies to carriers engaged primarily in furnishing radiotelegraph service. (See also Sec. 34.03-8.)*†	
§ 34.01-2 Classification of carriers.	
(a) For the purpose of applying this sys-	

tem of accounts radiotelegraph carriers are divided into two classes, as follows:

Class A. Carriers having average annual operating revenues exceeding \$100,000. Such carriers shall keep all of the accounts that are applicable to their affairs.

Class B. Carriers having average annual operating revenues exceeding \$50,000, but not exceeding \$100,000. Such carriers shall keep all of the accounts that are applicable to their affairs, except that their accounts for operating revenues and operating expenses may be kept under the condensed primary classifications provided in Secs. 34.05-1 and 34.05-2.

(b) No uniform system of accounts has been prescribed for carriers having average annual operating revenues not exceeding \$50,000. However, such carriers may keep the accounts prescribed in this system of accounts.*†

§ 34.01-3 Determination of class.

(a) The class to which any carrier belongs shall be determined by the average of its annual operating revenues for the three years immediately preceding the effective date of this system of accounts. If at the close of any subsequent calendar year the average of its annual operating revenues for the latest three years is greater than the amount applicable to the class in which the carrier has been previously includable, the accounts applicable to the higher class shall be adopted.

(b) Carriers not engaged in furnishing radiotelegraph service over the three-year period immediately preceding the effective date of this system of accounts shall estimate the amount of their annual operating revenues and keep the accounts applicable to carriers having actual revenues in the amount estimated.*†

DEFINITIONS

§ 34.02-1 Restrictive use of certain terms. When used in this system of accounts, unless otherwise indicated:

"Accounts" or "these accounts" means the accounts prescribed in "this system of accounts."

"Acquisition cost" means the amount of money actually paid (or the then current money value of any consideration other than money given) by the "carrier" for property, including the preliminary expenses incurred in connection with the acquisition.

"Act" or "the Act" means the Communications Act of 1934 as amended.

"Actually issued," as applied to securities issued or assumed by the "carrier," means (1) those securities that have been sold to *bona-fide* purchasers for a valuable consideration (including those issued in exchange for other securities or other property), (2) those that have been issued in accordance with contractual requirements directly to trustees of debt-redemption and other funds, and (3)

those that have been issued as payments of dividends on stock.

"Actually outstanding," as applied to securities issued or assumed by the "carrier," means those securities that have been "actually issued" and are neither retired nor held by or for the "carrier"; provided, however, that securities held by trustees of debt-redemption and other funds shall be regarded and treated as actually outstanding.

"Affiliate" means (and "affiliated" relates to) a "person" that, directly or indirectly, through one or more intermediaries, "controls," is "controlled by," or is "under common control with," the "carrier."

"Amortization" means the gradual extinguishment of an amount in an account by prorating such amount over a fixed period.

"Book amount," as applied to securities issued or assumed by the "carrier," means (1) the amount duly authorized for inclusion in account 2410, "Capital stock issued," for stock having no par value, and (2) the "face amount" of all other securities.

"Book cost" means the amount at which property is recorded in an account without the deduction of amounts in related or other accounts.

"Carrier" means the accounting carrier.

"Class," as applied to depreciable plant, means that portion of the total plant that is represented by a single primary plant account.

"Commission" means the Federal Communications Commission.

"Communication" or "communication service" means the "transmission of writing, signs, signals, pictures, and sounds of all kinds, by the aid of wire, cable, or radio, between the points of origin and reception of such "transmission," including all instrumentalities, facilities, apparatus, and services (among other things, the receipt, forwarding, and delivery of communications) incidental to such "transmission."

"Continental communication" means "communication" when both the point of origin and point of destination are located within the "continental United States."

"Continental terminus" means a "fixed station" or a "land station" located within the "continental United States" that is used for direct communication with stations located without the "continental United States."

"Continental transmission" means "transmission" of "communication" within the "continental United States."

"Continental United States" means the several states of the United States, the District of Columbia, and the Territory of Alaska.

"Contingent asset" means an item representing a possible source of value to the "carrier" dependent upon the fulfillment of conditions regarded as uncertain.

"Contingent liability" means an item representing a possible source of obligation of the "carrier" dependent upon the fulfillment of conditions regarded as uncertain.

"Control" means (and the terms "controlling," "controlled by," and "under common control with" relate to) the direct or indirect possession of the power (including the veto power) to direct or to cause the direction of the management, important acts, and policies of a "person," whether such power is exercised through one or more intermediary persons, or alone, or in conjunction with, or pursuant to an agreement with, one or more other persons, and whether such power is established through a majority or a minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliates, contract, or any other direct or indirect means. Control shall not be viewed as altered by a new status of any person that may be occasioned by proceedings in bankruptcy or by any situation of receivership, trusteeship, or fiduciary relationship resulting from proceedings of a like nature.

"Cost," as applied to plant, means the "original cost" of plant acquired from predecessors as substantially complete operating systems or operating units and the "acquisition cost" of all other plant. Except as applied to plant, "cost" means the amount of money actually paid (or the then current money value of any consideration other than money given) by the "carrier" for property or services.

"Cost of removal" means the cost of demolishing, dismantling, tearing down, or otherwise removing plant, including the cost of transportation and handling incidental thereto.

"Date of installation," as applied to plant acquired from predecessors as substantially complete operating systems or operating units, means the date at which such plant was first dedicated to public use. As applied to all other plant, the term means the date at which such plant was placed in "communication service" by the "carrier."

"Date of retirement" means the date at which plant is retired from "communication service."

"Debt expense" means all expenses incurred by or for the "carrier" in connection with the issuance and sale of evidences of debt (exclusive of the sale of reacquired securities), such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper; specific costs of obtaining governmental authority for issuance and filing notices thereunder; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

"Delayed items" means items relating to transactions that occurred during a

prior calendar year and require further accounting treatment for a true statement. It includes adjustments of errors in the operating revenue, operating-expense, and other income accounts for prior years.

"Depreciation," as applied to depreciable "operated plant," means the loss in "service value" not restored by current maintenance, incurred in connection with the consumption or prospective retirement of such plant in the course of service from causes known to be in current operation against which the carrier is not protected by insurance and the effect of which can be forecast with a reasonable approach to accuracy. Among the causes to be given consideration are wear and tear, decay, action of the elements, obsolescence, inadequacy, changes in the art, changes in demand, and requirements of public authorities.

"Discount," as applied to securities issued or assumed by the "carrier," means the excess of (1) the "book amount" of the securities over (2) the then current money value of the consideration received from their sale less the amount included therein as dividends or interest accrued.

"Face amount," as applied to securities issued or assumed by the "carrier," means the amount of principal set forth in the documents themselves.

"Fixed communication" means "communication" when both the point of origin and the point of destination are "fixed stations."

"Fixed communication revenue" means revenue derived from "fixed transmission."

"Fixed station" means a "station" not capable of being moved that is used for communication with one or more other "fixed stations."

"Fixed transmission" means "transmission" of "fixed communication."

"Foreign communication" means "communication" when either the point of origin or the point of destination is located without the "United States."

"Foreign communication revenue" means revenue derived from "foreign transmission."

"Foreign transmission" means "transmission" among foreign stations and between foreign stations and the "continental terminus" of "foreign communication."

"Includible" means properly includible under the provisions of "this system of accounts."

"Insular communication" means "communication" between the insular territories or possessions of the United States (excluding the Philippine Islands and the Canal Zone), and the "continental United States," or among the insular territories or possessions of the United States (excluding the Philippine Islands and the Canal Zone).

"Insular transmission" means "transmission" between insular stations and the "continental terminus" of "insular

communication" or among insular stations.

"Investment advances" means advances, represented by notes or book accounts only, which it is mutually agreed or intended between the creditor and the debtor shall be settled by the issuance of capital stock or evidences of long-term debt, or shall not be subject to current settlement. Advances with respect to which amounts have been included in the current accounts for more than one year will be considered not subject to current settlement.

"Land station" means a "station" not capable of being moved that is used for communication with "mobile stations."

"Marine communication" means "communication" when either the point of origin or the point of destination is a "ship station."

"Marine transmission" means "transmission" among "ship stations" or between "ship stations" and "land stations."

"Matured" means due and payable (or receivable) as at a date not later than the first day following the date of the balance sheet.

"Minor items," as applied to plant, means those items of depreciable "operated plant" not designated as "retirement units" in Sec. 34.1-6-1.

"Mobile communication" means "communication" when either the point of origin or the point of destination is a "mobile station."

"Mobile communication revenue" means revenue derived from "mobile transmission."

"Mobile station" means a "station" capable of being moved and which ordinarily does move.

"Mobile transmission" means "transmission" of "mobile communication." It includes transmission of such communication between stations that do not communicate directly with "mobile stations."

"Net book cost," as applied to a specific portion of plant, means the book cost of that portion minus that part of the related depreciation (or amortization) allowance account that is assignable to that portion of the plant.

"Net salvage value" means the "salvage value" of plant retired after deducting the "cost of removal" incidental to its retirement.

"Nominally issued," as applied to securities issued or assumed by the "carrier," means those securities that have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged or otherwise placed in some special fund of the carrier, but have not been sold or issued directly to trustees of debt-redemption and other funds.

"Nominally outstanding," as applied to securities issued or assumed by the "carrier," means those "actually issued" securities that have been reacquired by or for the "carrier" under circumstances that prohibit considering them retired:

provided, however, that securities held by trustees of debt-redemption and other funds shall be regarded and treated as "actually outstanding."

"Operated plant" means physical plant used in radiotelegraph service together with associated intangible items.

"Original cost," as applied to plant, means the actual money cost of (or the then current money value of any consideration other than money given for) property at the time it was first dedicated to the public use, whether by the "carrier" or by any other "person."

"Person" means an individual, a corporation, a partnership, an association, a joint-stock company, a business trust, or any other organized group, or any receiver or trustee.

"Plant retired" means plant that has been removed, sold, abandoned, destroyed, or for any cause withdrawn from "communication service."

"Premium," as applied to securities issued or assumed by the "carrier," means the excess of (1) the then current money value of the consideration received from their sale, less the amount included therein for dividends or interest accrued, over (2) their "book amount."

"Primary account" means (1) any account the name or title of which appears in the table of contents of "this system of accounts" or (2) any additional clearing account or experimental account optionally maintained pursuant to the provisions of Sec. 34.03-5.

"Radiotelegraph plant" means plant used or useful in furnishing "radiotelegraph service."

"Radiotelegraph service" means "communication service" furnished by means of radio telegraph, including incidental services so intimately related to such service as to make impracticable the determination of the extent to which plant, income, revenue, or expenses are related to such incidental services.

"Replacement" means the construction or installation of plant in place of "plant retired."

"Retirement." (See "Plant retired.")

"Retirement units" means the items of depreciable "operated plant" listed in Sec. 34.1-6-1 of "this system of accounts."

"Salvage value" means the amount received for "plant retired", if sold, less any expenses incurred in connection with such sale or in preparing the property for sale; or, if retained, the amount at which the material recovered is chargeable to account 1795, "Material and supplies," or other appropriate account.

"Service life" means the period between the "date of installation" of plant and the "date of retirement" thereof.

"Service value" means the difference between the "cost" of plant and the "net salvage value."

"Ship station" means a "station" located on a ship, vessel, or other water craft (except aircraft) used or capable of being used as a means of transportation on water, whether or not it is actually afloat.

"Station" means a complete transmitting or receiving system or operating unit at a particular location, used in "radiotelegraph service."

"Stock expense" means all expenses incurred by or for the "carrier" in connection with the issuance and sale of capital stock (exclusive of the sale of re-acquired capital stock), such as fees and commissions paid to promoters, underwriters, brokers, and salesmen; fees for legal services; cost of soliciting subscriptions for capital stock, including fees, commissions, and advertising; specific costs of obtaining governmental authority for issuance and filing notices thereunder; fees and taxes for issuance of capital stock and listing on exchanges; and the cost of preparing, engraving, printing, issuing, and distributing prospectus and stock certificates.

"Straight-line method," as applied to depreciation accounting, means the plan under which the "service value" of depreciable "operated plant" is charged to depreciation, clearing, and other accounts and credited to the depreciation allowance account through equal charges (as nearly as may be) during its "service life."

"Subclass," as applied to depreciable plant, means that portion of a "class" of plant, preferably corresponding to one or more "subprimary" plant accounts, to the cost of which a specific percentage rate of depreciation is applied in accounting for "depreciation," which percentage rate differs from those that are applied with respect to other subclasses of the same "class" of such plant.

"Subprimary account" means any account, required or permitted by "this system of accounts," the balance in which if combined with the balance in other such accounts, subprimary to the same account, will produce the balance in that "primary account."

"System of accounts" or "this system of accounts" means the rules embodied in this part (Part 34, Title 47, of the Code of Federal Regulations, Telecommunication).

"Transmission" means the movement of "communication." It includes the receiving, forwarding, and delivery of communications.

"United States" means the several States and Territories, the District of Columbia, and the possessions of the United States, but does not include the Philippine Islands or the Canal Zone.*†

INSTRUCTIONS—GENERAL

§ 34.03-1 *Classes of records.* The records to be maintained in accordance with the provisions of this system of accounts are divided into two classes: viz, (1) books of account, containing the primary and subprimary accounts defined in Sec. 34.02-1, and (2) supporting records. (See also Secs. 34.03-2 and 34.03-3.)

NOTE: The periods for which these records are to be retained are set forth in Part 25, "Destruction of records," under Title 47 of the Code of Federal Regulations, Telecommunication.*†

§ 34.03-2 *Basis of entries in books of account.* (a) Amounts entered in the books of account shall be in denominations of United States currency. When subsidiary records are kept in which entries are made in foreign currencies, the conversion to United States currency for entry in the books of account shall be effected as prescribed in Sec. 34.03-16.

(b) The books of account shall be so maintained that when the full information is not recorded therein the entries shall contain sufficient reference to the supporting records to permit ready identification.

(c) Each carrier shall keep its books of account on a calendar-month basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, will be entered in the books. The final entries for any month shall be made not later than sixty days after the last day of the month for which the accounts are stated, except that the period within which the final entries for the month of December shall be made may be extended to such date as will not interfere with the preparation and filing of annual reports as required by Section 219 of the Act.

(d) The books of account shall be maintained independently for each carrier and shall not be combined with those of any other person.*†

§ 34.03-3 *Records supporting accounting entries.* Supporting records shall be maintained in which shall be shown the full details concerning any entry in the books of account for which the details are not shown in the accounts themselves. The supporting records referred to herein include, in addition to accounting records in a limited, technical sense, all records such as minute books, stock books, reports, correspondence, memoranda, and any and all other records that would be useful in developing the history of or the facts regarding any transaction. The detail records shall be so filed as to be readily accessible for examination by representatives of this Commission.*†

§ 34.03-4 *Transactions with affiliates.* Each carrier shall so maintain its accounts and records as to be able to furnish accurately and expeditiously a statement of all transactions with affiliates. This statement shall show the general nature of the transactions, the amounts involved therein, and the amounts included in each account prescribed herein with respect to such transactions.*†

§ 34.03-5 *Summary accounts, subaccounts, additional clearing accounts, and temporary or experimental accounts.* (a) Accounts that are clearly summaries of other accounts or subaccounts provided for herein are not required to be kept in the carrier's books of account. However, such accounts may be opened in the general books for control purposes.

(b) All accounts kept shall conform in number and title to those prescribed herein, except that:

(1) Carriers may subdivide any of the accounts, provided such subdivisions do not impair the integrity of the prescribed accounts. The titles of all such subdivisions shall refer by number or title to the account or accounts of which they are subdivisions.

(2) Clearing accounts (in addition to those prescribed) and temporary or experimental accounts may be kept, provided such additional accounts do not impair the integrity of the prescribed accounts.

(3) Within ninety days from the effective date of this system of accounts, the carrier shall notify this Commission of the nature and purpose of (i) the subdivisions of the prescribed accounts, (ii) the temporary accounts, (iii) experimental accounts, and (iv) additional clearing accounts, opened under authority of this section. The carrier shall continue to keep the Commission informed of all additional accounts (or subaccounts) of these types opened after such effective date.

NOTE: Only one item need be reported for a group of subaccounts that differ from each other only with respect to geographical location or type of material.*†

§ 34.03-6 *Transferring balances from accounts previously maintained.* As at the effective date of this system of accounts, the several accounts prescribed herein shall be opened by transferring thereto the balances carried in the accounts previously maintained by the carrier. The carrier is authorized to make such subdivisions, reclassifications, or consolidations of these balances as are necessary to meet the requirements of this system of accounts. Entries that require the determination of cost by estimates shall be supported by records showing in complete detail the methods used in arriving at or computing the amounts thereof. Copies of journal entries recorded to effect the transfers, and a detailed statement of the methods used in arriving at or computing estimated costs, shall be filed with this Commission within ninety days from the dates of the entries.*†

§ 34.03-7 *Charges to be just and reasonable.* All charges to the accounts prescribed in this system of accounts for plant, operating revenues and operating expenses, and other operating revenue deductions, shall be just and reasonable, and any payments by the carrier in excess of such just and reasonable charges shall be included in account 5299, "Other deductions from ordinary income."*†

§ 34.03-8 *Entries involving telephone, wire-telegraph, or ocean-cable service.* (a) When radiotelegraph carriers are engaged also in furnishing telephone, wire-telegraph, or ocean-cable services through the utilization of distinctive portions of their facilities devoted exclusively or primarily to such services, they shall maintain their accounts for plant, operating revenues, operating expenses, and other items applicable to each such service in conformity with the respective ef-

fective rules governing carriers engaged primarily in furnishing such service.

(b) The cost of distinctive telephone, wire-telegraph, or ocean-cable plant shall be reported in account 1530, "Telephone, wire-telegraph, and ocean-cable plant." The amounts in the allowance accounts for depreciation and amortization of such plant shall be reported in account 1535, "Allowance for depreciation and amortization—Telephone, wire-telegraph, and ocean-cable plant." The amount of revenue derived from the operation of such plant shall be reported in account 3918, "Telephone revenue—Telephone systems", or account 3928, "Wire-telegraph and ocean-cable revenue—Wire systems", as appropriate. The amounts of operating revenue deductions applicable to the operation of such plant shall be reported in account 4945, "Telephone, wire-telegraph, and ocean-cable operating revenue deductions."

(c) When the major use of a particular portion of the carrier's plant is in radiotelegraph service, but the same facilities are used also in other types of communication service in a manner preventing the distinction of the physical elements associative with such services, the distribution of the operating revenues, operating expenses, and other deductions from operating revenues among the several classes of communication service where directly applicable shall be accomplished by subdivisions of the prescribed accounts, except that revenues derived from telephone service rendered through the use of such plant shall be included in account 3648, "Telephone service revenues." (See also Sec. 34.03-17.)*†

§ 34.03-9 *Sequence of accounts not indicative of reports required.* The order in which the accounts are presented in this system of accounts is not to be considered as necessarily indicative of the order in which they will be scheduled at all times in reports to this Commission. The sequence contemplated (until further notice) will be as indicated in the respective forms which immediately precede the texts for the several groups of accounts.*†

§ 34.03-10 *Research and development.* (a) The cost of preliminary surveys, plans, and investigations made for the purpose of determining the feasibility of contemplated major projects shall be charged to account 1935, "Preliminary survey and investigation charges," and subsequently cleared therefrom in accordance with the text of that account.

(b) The cost of research and development work such as laboratory expenses and other research items that can not be assigned to specific construction projects shall be charged to account 9010, "Research and development—Undistributed", and subsequently cleared therefrom in accordance with the text of that account.*†

§ 34.03-11 *Interpretation of the prescribed accounting.* Responsible accounting officials of the carrier shall sub-

mit all questions involving interpretation of the prescribed accounting to this Commission for consideration and decision.*†

§ 34.03-12 *Interpretation of item lists.* The lists of items following the texts of the several accounts are for the purpose of indicating the application of the prescribed accounting in specific cases. The lists are not to be considered as comprising all the items includable in the several accounts, but merely representative of them. Inasmuch as the same item frequently appears in more than one list, the appearance of an item in a list warrants the inclusion of such item in the account concerned only when the text of the account also indicates its inclusion. The proper entry in each instance must be determined by the text of the account.*†

§ 34.03-13 *Delayed items.* Delayed items shall be charged or credited to the same accounts that would have been charged or credited if the items had not been delayed; provided that, when the amount of a delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort the accounts for that year, the carrier shall charge or credit the amount to account 6210, "Delayed income charges," or account 6110, "Delayed income credits," as appropriate. Within thirty days from the dates of the entries the carrier shall file with this Commission a statement showing the full particulars concerning each such item, including the accounts and years that would have been affected had the item not been delayed.*†

§ 34.03-14 *Unaudited items.* (a) When, at the end of a calendar year or at such other time as a financial statement may be required by this Commission, it is known that a transaction has occurred which affects these accounts but the amount involved in the transaction and its effect upon the accounts cannot be accurately determined, the amount shall be estimated and such estimated amount included in the appropriate accounts. The carrier is not required to anticipate minor items that would not appreciably affect these accounts.

(b) If, during the interval between the date of initial estimate of the item and the date on which it is audited, a substantial difference from the initial estimate is determined, appropriate adjustment to cover such difference shall be made in the accounts for the month in which the difference is determined.

(c) When the item is audited, the necessary adjustment shall be made in the appropriate account for the month in which the item is audited.

(d) Any substantial difference determined in accordance with paragraph (b) or (c) shall be accounted for as provided in Sec. 34.03-13 or Sec. 34.03-15, as appropriate.*†

§ 34.03-15 *Unusual items.* When the amount of any unusual item includable in an operating revenue, operating ex-

pense, or other income account for a single month is relatively so large that its inclusion in the accounts for that month would seriously distort those accounts, it may be included in account 1999, "Other deferred charges", or account 2399, "Other deferred credits", as appropriate, and distributed in equal amounts to the accounts for the current and remaining months of the calendar year.*†

§ 34.03-16 *Transactions involving foreign currency.* (a) Revenues from transmission when collected, billed, or for other reasons given initial treatment in the accounts in terms of foreign currency shall be stated in the operating revenue accounts (other than account 3709) in terms of United States currency on the basis of a fixed uniform rate of foreign exchange. Concurrently adjustments from such fixed uniform rate to the then current rate of exchange shall be recorded in account 3709, "Foreign exchange—Revenue differential."

(b) Under uniform practices adopted to the satisfaction of the Commission, operating expenses when paid, vouchered, or for other reason given initial treatment in the accounts in terms of foreign currency may be stated in the operating expense accounts (other than account 4298) in terms of United States currency on the basis of a fixed uniform rate of foreign exchange. Concurrently adjustments from such fixed uniform rate of exchange to the then current rate of exchange shall be recorded in account 4298, "Foreign exchange—Expense differential."

(c) Current assets and liabilities or net current assets, recorded in the first instance in terms of foreign currency, shall be recorded in terms of United States currency at the end of each month at the then current rate of exchange. The net difference arising out of such conversion at the beginning and end of the monthly accounting period shall be recorded as a charge or a credit to account 5140, "Gain or loss on foreign currency exchange."

(d) Differences in terms of United States currency between (1) amounts initially recorded in the asset or liability accounts and (2) amounts required for settlement or derived from conversion, by reason of such transactions as the effecting of traffic settlements, the payment of rentals, or the settlement of loans, shall be recorded in account 5140, "Gain or loss on foreign currency exchange."*†

§ 34.03-17 *Apportioning amounts among accounts.* (a) When it is necessary to apportion* amounts among accounts, the carrier shall be prepared to describe the basis of such apportionment.

(b) The pay and expenses of officers or employees regularly assigned to specific duties who perform incidental services of a different nature involving small

expense shall be included in the expense accounts appropriate for the duties to which such officers or employees are regularly assigned.

(c) The pay and expenses of officers or employees engaged in activities of a varying nature, such as a supervising engineer who may be assigned to construction, maintenance, or operation work, shall be included in the appropriate account upon basis of the actual time engaged in the respective classes of work, except that the pay and expenses of an officer or employee who performs substantially the same variety of duties from day to day may be distributed upon basis of a study of the time actually engaged during a representative period.*†

§ 34.03-18 *Transactions involving joint operations.* (a) In accounting for operating expenses incurred under arrangements for apportionment between persons concerned, the carrier shall distribute its portion of the entire expense to the appropriate operating expense accounts.

(b) Any amounts included in the settlement representing return on investment in the plant used under joint-operation arrangements shall be charged or credited, as the case may be, to the appropriate rent-expense account or to the appropriate rent-revenue account.

(c) The creditor shall show the distribution of the charges in its bills, and such distribution shall be adhered to in the accounts of the debtor.*†

INSTRUCTIONS—DEPRECIATION ACCOUNTING

§ 34.04-1 *Classes of depreciable operated plant.* The classes of depreciable operated plant and the accounts in which the cost of such plant is included are as follows:

- Land improvements (account 12).
- Drainage, sewerage, gas, and water systems (account 13).
- Buildings (account 14).
- Towers and masts (account 21).
- Antenna systems (account 22).
- Control lines (account 26).
- Power-supply lines (account 27).
- Electron-tube transmitter equipment (account 31).
- Other transmitter equipment (account 32).
- Cooling apparatus (account 33).
- Receiver equipment (account 34).
- Power supply and distribution equipment (account 36).
- Control apparatus (account 40).
- Equipment on customers' premises (account 41).
- Furniture and office equipment (account 51).
- Ship station equipment (account 61).
- Other mobile station equipment (account 69).
- Vehicles and draft animals (account 71).
- Shop equipment, tools, and implements (account 72).

Store and warehouse equipment (account 73).*†

§ 34.04-2 *Computation of depreciation rates.* (a) Depreciation charges shall be computed by applying with respect to each month's accounts one-twelfth of the annual percentage rate considered applicable to the cost of each class or subclass of depreciable plant or to the cost of that portion of such plant with respect to which the estimated service value has not been completely accounted for through the aggregate of prior current allowances for depreciation. These percentage rates shall be based upon the estimated service values and service lives developed by a study of the carrier's history and experience and such engineering and other information as may be available with respect to prospective future conditions, but shall not include any allowance for loss in service value of property expected to be acquired in the future. These percentage rates shall be such that the loss in service value of plant, except losses excluded under the definition of depreciation, shall be accounted for under the straight-line method of depreciation accounting.

(b) The carrier shall keep such records of plant and plant retirements as will reflect the service life of plant that has been retired or will permit the determination of service-life indications by mortality, turnover, or other appropriate methods and also such records as will reflect the percentage of net salvage value for plant retired from each class of depreciable plant.

(c) When with respect to any class or subclass of plant the factors causing depreciation (and consequently occasioning the amount of the current net book cost and the rate of depreciation previously applied in the accounts) commence at any time (including the accounting period—year or month—immediately preceding retirement) to operate at a new rate, the fact shall be recognized in the accounts by applying (actually or in effect) such a new percentage rate to the cost of that plant or portion thereof as will dispose of the difference between its net book cost and its estimated net salvage value during the period (known or estimated) of its remaining life.*†

§ 34.04-3 *Depreciation charges.* (a) The current depreciation charges applicable to operated plant the cost of which is includable in account 1000, "Operated plant in carrier's service," and account 1200, "Improvements and replacements of operated plant leased from others," shall be recorded monthly in account 4910, "Depreciation," or in the clearing accounts, as appropriate, and corresponding credits shall be recorded in account 1515, "Allowance for depreciation—Radiotelegraph plant." (See also Sec. 34.1-5.)

(b) When, under the terms of a lease, the carrier, as lessor, is required to re-

place or to restore the condition of operated plant the cost of which is includable in account 1100, "Operated plant leased to others," the current depreciation charges shall be recorded monthly in account 5010, "Income from operated plant leased to others," and corresponding credits shall be recorded in account 1515, "Allowance for depreciation—Radiotelegraph plant." (See also Sec. 34.30-3.)

(c) When, under the terms of a lease, the carrier, as lessee, is required to replace or to restore the condition of operated plant leased from others, depreciation charges with respect to such original leased plant shall be computed and applied as provided in Sec. 34.1-5.

(d) Depreciation charges initially accounted for by the lessor shall be reported to and accounted for by the lessee as provided in paragraph (c) of Sec. 34.30-3.*†

§ 34.04-4 Plant retired for causes not known to be in current operation. (a) The accounting for operated plant retired for causes not known to be in current operation shall be as provided in paragraph (a) of Sec. 34.1-6 and account 4925, "Extraordinary plant losses."

(b) If the cause of the retirement is a loss covered by insurance for which provision has been made in account 2215, "Provision for self-carried insurance", the loss shall be charged to that account to the extent of the amount so provided. If the loss is not covered by insurance the carrier may, with the approval of this Commission, credit account 1515, "Allowance for depreciation—Radiotelegraph plant", and charge account 1910, "Extraordinary maintenance, depreciation, and retirements", with the unprovided-for loss in service value, and distribute it from the latter account to account 4925, "Extraordinary plant losses", over such period as this Commission may approve. The carrier's application to this Commission for permission to charge account 1910, shall give full particulars concerning the plant retired, the unprovided-for service loss, and the period over which, in its judgment, such charges should be distributed.*†

INSTRUCTIONS FOR CLASS B CARRIERS

§ 34.05-1 Primary operating revenue accounts for class B carriers. Class B carriers shall keep all the operating revenue accounts prescribed for class A carriers that are applicable to their affairs, except that they may keep the following account in lieu of the non-transmission revenue accounts:

3800 Nontransmission revenues.

This account shall include the carrier's portion of revenues from radiotelegraph operations other than transmission. It shall include all the operating revenues includable by class A carriers in accounts 3810 to 3899, inclusive.*†

§ 34.05-2 Primary operating expense accounts for class B carriers. Class B carriers shall keep all the operating ex-

pense accounts prescribed for class A carriers that are applicable to their affairs, except that certain accounts may be combined as follows:

4280 Messenger service expense.

This account shall include the amount of all expenses incurred in furnishing messenger service. It includes all expenses includable by class A carriers in accounts 4281 to 4289, inclusive.

4299 Other conducting-operations expenses.

This account shall include the amount of expenses incurred in conducting operations not provided for elsewhere. It includes all expenses includable by class A carriers in accounts 4210, 4225, 4235, 4240, 4250, 4255, 4260, 4270, 4275, and 4299.

4300 Administrative expenses.

This account shall include the administrative expenses of the carrier. It includes all expenses includable by class A carriers in accounts 4310 to 4399, inclusive.

4400 General expenses.

This account shall include the general expenses of the carrier. It includes all expenses includable by class A carriers in accounts 4410 to 4499, inclusive.*†

REPORTING REQUIREMENTS

§ 34.06-1 Provisions that require specific approval of Commission before accounting is performed. (a) Specific authority shall be obtained from this Commission before entering charges representing unprovided-for loss in service value in account 1910, "Extraordinary maintenance, depreciation, and retirements." (See paragraph (b) of Sec. 34.04-4.)

(b) A statement indicating the plan of accounting proposed to record the exchange of securities issued or assumed by the carrier shall be submitted to this Commission for consideration and approval prior to the recording of journal entries applicable thereto. (See Sec. 34.10-8.)

(c) A statement indicating the plan of accounting proposed to record the issuance of no-par stock, the appropriation of surplus for transfer to no-par capital stock account, the reduction of capital surplus through the use of the no-par capital stock account, or the reduction of account 2410, "Capital stock issued", through the creation of surplus or the reduction of book value of assets, shall be submitted to this Commission for consideration and approval prior to the recording of journal entries applicable thereto. (See paragraph (c) of Sec. 34.10-9.)

(d) Specific authority shall be obtained from the Commission if, in connection with the refinancing of an issue or series of bonds or other long-term debt, the carrier desires to amortize any of the discount, expense, or premium associated with the issuance or redemption of the prior issue over a period subsequent to the date of its redemption. (See paragraph (f) of Sec. 34.10-14.)

(e) Specific authority shall be obtained from this Commission before disposing of amounts entered in account 1510, "Plant acquisition adjustments." (See paragraph (e) of that account.)

(f) Carriers desiring to use accounts 1599, "Foreign investment in communication plant", and 5089, "Income from foreign operations", shall advise this Commission at least sixty days before the effective date of this system of accounts.

(g) Carriers desiring to change the optional procedure adopted for recording foreign investments and foreign income shall advise this Commission at least ninety days before the proposed date of such change. (See paragraph (d) of accounts 1599 and 5089.)

(h) Specific authority shall be obtained from this Commission before using account 2220, "Provisions for equalization of maintenance expenses", and account 4198, "Maintenance-expense equalization." (See paragraph (a) of each of those accounts.)

(i) Specific authority shall be obtained from this Commission before transferring any amounts credited to account 2515, "Contributions of plant", to another account. (See paragraph (b) of account 2515.)

(j) A statement indicating the plan of accounting proposed to record the acquisition of duplicate and other plant acquired from predecessors which is intended to be retired shall be submitted to this Commission for consideration and approval prior to the recording of journal entries applicable thereto. (See paragraph (d) (3) of Sec. 34.1-2.)

(k) Specific authority shall be obtained from this Commission before including in construction cost any interest covering a period of more than six months from the date of suspension of construction work. (See paragraph (c) (8) of Sec. 34.1-3.)

(l) Amounts included in account 1999, "Other deferred charges", and account 2399, "Other deferred credits", representing settlements with lessees upon termination of leases shall not be disposed of except upon the specific approval or direction of this Commission. (See paragraph (g) of Sec. 34.1-5.)

(m) Amounts included in account 2225, "Provisions for depreciation and replacement of operated plant leased from others", and account 2230, "Leased operated plant retire", with respect to expired leases shall not be disposed of except upon the specific approval or direction of this Commission. (See paragraph (f) of Sec. 34.1-6.)

(n) Specific authority shall be obtained from this Commission before recording amounts in accounts 4950, "Revenue-contract payments," and 5260, "Revenue-contract payments."

(o) Specific authority shall be obtained from this Commission before transferring any amounts charged to account 9010, "Research and development—Undistributed," to any account

other than account 6299, "Other extraordinary income charges." (See note to account 9010.)

(p) Specific authority shall be obtained from this Commission before the elimination of or substitution for retirement units. (See paragraph (b) of Sec. 34.1-6-1.)*†

§ 34.06-2 Provisions that require certain special reports to be filed. (a) A statement indicating the nature and purpose of subdivisions of the prescribed accounts, of experimental accounts, of temporary accounts, and of additional clearing accounts that have been opened in the books of account shall be filed with this Commission within ninety days of the effective date of this system of accounts. The carrier shall continue to keep the Commission informed of all additional accounts or subaccounts of these types subsequently opened. (See paragraph (b) (3) of Sec. 34.03-5.)

(b) Copies of journal entries recorded to effect the transfers of balances carried in accounts previously maintained by the carrier, and a detailed statement of the method used in computing estimated cost, shall be submitted to this Commission within ninety days from the dates of the actual entries. (See Sec. 34.03-6.)

(c) A statement showing the full particulars concerning any relatively large delayed item included in account 6110, "Delayed income credits," or account 6210, "Delayed income charges," shall be filed with this Commission within thirty days from the dates of the actual entries. (See Sec. 34.03-13.)

(d) A transcript of the capital surplus accounts, together with a summary statement of the charges and credits, maintained prior to the effective date of this system of accounts shall be filed with this Commission within ninety days of the effective date of this system of accounts. (See paragraph (c) of Sec. 34.10-10.)

(e) A statement showing the details concerning contingent assets and contingent liabilities shall be filed with the annual report to this Commission. (See Sec. 34.10-16 and paragraph (b) of account 1760, "Notes receivable.")

(f) Copies of journal entries recording the acquisition of certain major properties shall be submitted to this Commission within ninety days from the dates of the actual entries. (See paragraph (g) of Sec. 34.1-2.)

(g) Copies of journal entries recording the completion of the prescribed accounting for plant acquisitions shall be submitted to this Commission within ninety days from the date that the clearing entries relating to each acquisition are made. Within ninety days from the date of any entry recording an acquisition, the carrier shall submit to this Commission a statement indicating the approximate date contemplated for the completion of the clearing entries relating thereto. (See particularly para-

graph (g) of Sec. 34.1-2 and paragraph (b) of account 91.)

(h) Not later than June 30, 1940, each carrier shall submit to this Commission for consideration and approval its plan for the establishment and maintenance of a continuous property record. (See paragraph (b) of Sec. 34.1-8.)

(i) A semiannual report shall be submitted to the Commission with respect to retirement units in accordance with the provisions of paragraph (d) of Sec. 34.1-6-1.*†

BALANCE-SHEET ACCOUNTS

Instructions

§ 34.10-1 Purpose of balance-sheet accounts. The balance-sheet accounts are designed to show the financial position of the carrier as at a given date.*†

§ 34.10-2 Current assets. (a) Current assets are cash, those assets that are readily convertible into cash or are held for current use in operations or construction, current claims against others the payment of which is reasonably assured, and amounts accruing to the carrier that are subject to current settlement, except that bonds and other obligations of others classified by the carrier in investment and fund accounts at the time of acquisition shall remain so classified until the date of payment, sale, or other disposition thereof.

(b) There shall not be included in the group of accounts designated as Current Assets any item the collectibility of which is not reasonably assured unless adequate allowance has been made therefore in account 1765, "Allowance for uncollectible receivables." Items of current character but of doubtful value may be reduced in amount and, for record purposes, carried in these accounts at nominal value. The amounts of such reductions, or the amounts provided for by credits to account 1765, shall be charged to account 4935, "Uncollectible revenues," account 5299, "Other deductions from ordinary income," or account 6299, "Other extraordinary income charges," as appropriate.*†

§ 34.10-3 Prepayments. (a) Prepayments are amounts paid by the carrier for services to be rendered during a subsequent accounting period.

(b) When advance payments are made, the appropriate account shall be charged with the amount of such payment. As the term expires for which the advance payments were made the prepayment account shall be credited at monthly intervals and the appropriate expense account or other account shall be charged with the amount applicable to the expired term.*†

§ 34.10-4 Deferred charges. Deferred charges are amounts representing (1) debit items held in suspense pending determination of their actual status, (2) costs of services that have been rendered to the carrier but are chargeable

to future operations, and (3) items which for other reasons are allocable to other appropriate accounts for a succession of future periods.*†

§ 34.10-5 Current liabilities. (a) Current liabilities are those obligations that have become matured at the date of the balance sheet or that will become due within 1 year from the date thereof (except bonds, receivers' and trustees' securities, and similar obligations, which shall be classified as long-term debt until the date of maturity); matured taxes, such as income taxes, which shall be classified (in the balance sheet) as current liabilities even though payable more than 1 year from the balance-sheet date; compensation awards, which shall be classified as current liabilities regardless of the date due; and minor amounts payable in installments, which may be classified as current liabilities.

(b) The liability-accrual accounts shall include the amounts of interest, taxes, rents, and other items with respect to which amounts eventually payable have been recorded as deductions from revenue or income but which have not matured. (See also paragraph (a) of Sec. 34.03-17.)*†

§ 34.10-6 Long-term debt. (a) When evidences of debt that, according to their terms, do not mature until more than one year from date of issuance are issued or assumed by the carrier or by a receiver or an operating trustee of the carrier, the face amount of such evidences of debt shall be recorded in the appropriate account under the caption "Long-term debt." (See also Sec. 34.10-14.)

(b) If a liability, other than compensation awards or minor amounts payable in installments, is due more than one year from date of issuance or assumption by the carrier, it shall be credited to a long-term debt account appropriate for the transaction, but, for the purpose of classification in the balance sheet, a debt (except bonds, receivers' and trustees' securities, and similar obligations) shall be classified as a current liability if due within one year from the balance-sheet date.*†

§ 34.10-7 Book cost of securities owned. (a) Securities of others acquired by the carrier shall be recorded in these accounts at cost. Such cost shall not include any amount paid for dividends or for interest accrued.

(b) The carrier's records shall be so maintained as to show separately the cost of (1) common stock, (2) preferred stock, and (3) long-term debt.

(c) The carrier's records shall be so maintained that in the reports to this Commission the securities, classified as in paragraph (b) of this section, that are pledged as collateral security for any of the carrier's or other persons' long-term debt or short-term loans or to secure the performance of contracts may be shown separately from the securities, similarly classified, that are unpledged.

(d) There shall not be included in the accounts designated as investment and fund accounts any amount the ultimate realization of which is not reasonably assured unless adequate allowance has been made therefor in account 1699, "Allowance for doubtful investments." The book cost of securities includable in such accounts shall be reduced to a nominal amount if there is no reasonable prospect of substantial value, but fluctuations in market value shall not be recorded in the accounts. Amounts by which these securities are thus reduced or amounts provided for by credits to account 1699, shall be charged to account 6299, "Other extraordinary income charges."

(e) When securities authorized by state laws for inclusion in legal reserve funds required by such laws, and in other similar fiduciary funds requiring a qualification for investments thereof, and with a fixed maturity date (other than securities issued or assumed by affiliates), are purchased at a discount (i. e., when the total cost including brokerage fees, taxes, commissions, and similar costs is less than the face amount of the securities), such discount shall be amortized over the remaining life of the securities through periodic charges to account 1698, "Amortized discount and premium on investment securities", and credits to the account in which is recorded the interest from such securities. When such securities are purchased at a premium (i. e., when the total cost including brokerage fees, taxes, commissions, and similar costs is in excess of the face amount of the securities), such premium shall be amortized over the remaining life of the securities through credits to account 1698 and charges to the account in which is recorded the interest from such securities. No amounts shall be entered for amortization of discount or premium on securities with respect to which a reduction in book cost or a provision for doubtful value has been made. Any amounts in account 1698 representing the amortization of discount or premium on securities with respect to which a reduction in book cost or a provision for doubtful value is made shall be cleared by charges or credits, as appropriate, to the account in which is recorded the interest from such securities. (See also Sec. 34.03-13 and Sec. 34.03-15.)

(f) If securities actually issued or assumed by the carrier and reacquired by it are not retired, they shall be entered at book amount in account 2015, "Bonds reacquired," or account 2415, "Capital stock reacquired," as appropriate, unless it is required by contractual provision or by decision of a trustee not subject to control by the carrier that they be retained in debt-redemption or other funds. When so retained they shall be regarded and treated as actually outstanding, but not otherwise.

(g) When entries are made in account 2415, "Capital stock reacquired", recording the reacquisition of such stock, entries shall concurrently be made charging

account 8315, "Earned surplus employed in reacquisition of capital stock," and crediting account 2615, "Reserve against impairment of stated capital", with amounts equal to the amount charged to account 2415. Upon the resale or retirement of such stock these latter entries shall be reversed.*†

§ 34.10-8 *Exchange of securities.* Before recording the journal entries that it is proposed to enter in the carrier's books to record the reacquisition of capital stock or other securities issued or assumed by the carrier under a plan for the issuance in exchange therefor of the carrier's securities, a statement indicating the plan of accounting proposed by the carrier shall be submitted to this Commission for consideration and approval. Such statement shall give complete information concerning the plan of exchange, the basis upon which the amounts have been determined, and a copy of the authorization issued by the regulatory body approving the plan.*†

§ 34.10-9 *Capital stock.* (a) All transactions relating to capital stock of the accounting carrier shall be recorded by class of stock. Stocks are of the same class only when they are issued under identical terms as to all of the following: par value, stated value, preferences in distribution of dividends and assets, voting rights, and conditions under which they may be retired. If the stocks of the carrier are of two or more classes, the carrier's records shall be so maintained as to distinguish the amount applicable to each class in each of the following accounts:

- 1775 Subscriptions to capital stock.
- 1780 Deposits on subscriptions to capital stock.
- 1915 Capital stock expense.
- 1925 Discount on capital stock.
- 2160 Installment-plan receipts on purchase of capital stock.
- 2410 Capital stock issued.
- 2415 Capital stock reacquired.
- 2420 Capital stock subscribed unissued.
- 2425 Obligations for stock conversion.
- 2510 Premiums and assessments on capital stock.

(b) When, by compliance with the laws of the state under which it is incorporated, a carrier is authorized to issue shares of capital stock, a memorandum entry in account 2410, "Capital stock issued," shall be made showing the number of shares, the par or the stated value of each share, and the total authorized capitalization.

(c) Before recording the journal entries that it is proposed to enter in the carrier's books to record (1) the issuance of no-par capital stock, (2) the appropriation of surplus for transfer to the no-par capital stock account, (3) the reduction of capital surplus through the use of the no-par capital stock account, or (4) the reduction of account 2410, "Capital stock issued," through the creation of surplus or the reduction of book

value of assets, the plan of accounting shall be submitted to this Commission for consideration and approval. Such plan shall be accompanied by a statement giving complete information with respect to the basis upon which the amounts to be recorded have been determined and a copy of the authorization issued by the regulatory body approving the issuance of no-par stock or the change in the capital stock and surplus accounts.*†

§ 34.10-10 *Surplus.* (a) The accounts designated as capital surplus accounts are designed to show (1) paid-in surplus (i. e., proprietary contributions in excess of the stated capital included in the capital stock accounts), (2) donated surplus (i. e., contributions that increase the assets but do not increase the liabilities or the proprietary interests), (3) surplus arising from reacquisition or resale of, or otherwise trading in, the carrier's own capital stock, and (4) surplus due to the reduction of the stated value of capital stock due to such occasions as retirement, reorganization, or recapitalization.

(b) The balance-sheet accounts designated as earned surplus accounts are designed to show the accumulated undistributed surplus derived from the normal operations of the carrier, including the income from all sources other than the capital gains referred to in paragraph (a) of this section.

(c) Within ninety days from the effective date of this system of accounts the carrier shall submit to this Commission a transcript of its capital surplus account or accounts covering the entire period to the effective date of this system of accounts showing in detail the nature and amount of charges and credits, respectively, and the balance that was in the account at the close of each year. The transcript shall be accompanied by a summary statement in which the charges and credits for the entire period covered by the transcript have been classified according to their nature and summarized to show the aggregate amount of each class as well as the aggregate amount of charges and credits, respectively, for the period and the resulting balance in the account at the effective date of this system of accounts.*†

§ 34.10-11 *Provisions for future settlements.* When in anticipation of settlements or similar transactions it is required that certain amounts shall be charged to operating expenses or other accounts without a corresponding reduction in the assets of the carrier, such amounts shall be credited to the appropriate account under the caption, "Provisions for future settlements." The credit balances in these accounts should indicate the estimated amount of future settlements or other extinguishments subsequent to the date of the balance sheet with respect to amounts allocable to periods prior to that date.*†

§ 34.10-12 *Deferred credits.* Deferred credits are amounts representing (1)

credit items held in suspense pending determination of their actual status and (2) obligations (e. g., unamortized premium on debt) that have been incurred but are applicable to future operations or income.*†

§ 34.10-13 *Discount, expense, and premium on capital stock.* (a) An account shall be maintained for each class of capital stock issued by the carrier (separately from the capital stock accounts) and there shall be included in each such account both the discount and premium associated with the issuance and sale (exclusive of the sale of reacquired stock) of or subscription to each such class of stock.

(b) Stock expense shall not be added to discount, or deducted from premium, on capital stock, but shall be included in account 1915, "Capital stock expense."

(c) Only in stating the balance sheet, the total of the debit balances remaining in the discount and premium accounts shall be reported under account 1925, "Discount on capital stock," and the total of the credit balances shall be reported under account 2510, "Premiums and assessments on capital stock." Accounts with debit balances shall not be offset by accounts with credit balances.

(d) General levies or assessments against stockholders shall be credited to the discount and premium account for the particular class of stock assessed.

(e) Expenses on capital stock issued may be charged off to account 6299, "Other extraordinary income charges", in total or in installments or the amounts thereof may be retained in account 1915, "Capital stock expense", until the stock to which the expense applies is reacquired. Discount or premium on capital stock issued shall be retained in the discount and premium account until the stock is reacquired or until otherwise disposed of lawfully, except that inconsequential amounts of discount that would not appreciably affect the accounts may be charged off to account 8299, "Miscellaneous charges to earned surplus."

(f) When capital stock which has been actually issued by the carrier is reacquired, the difference between (1) the amount paid therefor upon reacquisition and (2) the book amount plus the premium or less the discount and expense originally entered in respect thereto and not charged off shall be charged or credited, as appropriate, to account 2599, "Other capital surplus"; provided, however, that such charges shall be made to account 8299, "Miscellaneous charges to earned surplus", if the amounts thereof exceed the balance in account 2599; and provided further, that in no event shall charges in excess of accumulated credits from the reacquisition, resale, or retirement of capital stock of the same class be charged to account 2599.

(g) Discount, expense, or premium on capital stock shall not be included in any

account as a part of the cost of constructing or acquiring plant or as a part of the cost of operation.

(h) The carrier's records shall be so maintained that in the reports to this Commission there may be shown the extent to which the surplus accounts have been charged or credited in instances in which there is a possibility of further entry in those accounts in the event of resale of reacquired capital stock.*†

§ 34.10-14 *Discount, expense, and premium on long-term debt.* (a) An account shall be maintained for each issue or series of long-term debt issued or assumed by the carrier (separately from the long-term debt accounts) and there shall be included in each such account both the discount and premium associated with the issuance and sale of (exclusive of the sale of reacquired long-term debt) or subscription to each such issue or series of debt.

(b) Debt expense shall not be added to discount, or deducted from premium, on long-term debt, but shall be included in account 1920, "Long-term debt expense."

(c) Only in stating the balance sheet, the total of the debit balances remaining in the discount and premium accounts shall be reported under account 1930, "Unamortized discount on debt", and the total of the credit balances remaining in those accounts shall be reported under account 2310, "Unamortized premium on debt." Accounts with debit balances shall not be offset by accounts with credit balances.

(d) Discount, expense, and premium with respect to each issue or series of long-term debt shall be amortized under such a plan as will equitably distribute the amounts over the life of the securities. The amortization shall be on a monthly basis and the amounts thereof shall be charged to account 5220, "Amortization of debt discount," or account 5245, "Amortization of debt expense," or credited to account 5230, "Amortization of debt premium—Cr.", as appropriate. The carrier may, however, accelerate the writing off of debt expense and extinguish inconsequential amounts of discount (that it would be burdensome to amortize, and would not appreciably affect the accounts) by charges to account 6299, "Other extraordinary income charges." Where there is a definite plan to retire an issue without refunding prior to its maturity date, amortization may be accelerated to extinguish the balance in the discount and premium account at the date of contemplated retirement.

(e) When any long-term debt is reacquired without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation, the difference between the amount paid upon reacquisition and the book amount

plus the unamortized premium or less the unamortized discount, as the case may be, applicable to the debt reacquired, shall be charged to account 6299, "Other extraordinary income charges," or credited to account 6199, "Other extraordinary income credits," as appropriate.

(f) When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the date of maturity of the prior issue, any unamortized discount, expense, or premium on the prior issue and any premium paid or discount enjoyed upon reacquisition shall be debited or credited, as appropriate, to account 6299, "Other extraordinary income charges", or account 6199, "Other extraordinary income credits": *Provided, however,* That if the carrier desires to amortize any of the discount, expense, or premium associated with the issuance or redemption of the prior issue over a period subsequent to the date of redemption, the permission of the Commission must be obtained.

(g) Discount, expense or premium on long-term debt shall not be included in the cost of constructing or acquiring plant, except as provided for in Sec. 34.1-3.

(h) The carrier's records shall be so maintained that in the reports to this Commission there may be shown the extent to which the income accounts have been charged or credited in instances in which there is a possibility of further entry in those accounts in the event of resale of reacquired long-term debt.*†

§ 34.10-15 *Irrevocable trusts.* Funds relinquished from the control of the carrier that are irrevocably devoted to the establishment or continuation of any trust or fiduciary fund (such as pension or similar funds) shall not be included as items in the balance sheet, but their existence shall be indicated by an appropriate notation thereon showing the amount of such funds.*†

§ 34.10-16 *Contingent assets and liabilities.* In the carrier's reports to this Commission amounts representing contingent assets and contingent liabilities shall not be included as items in the balance sheet, but their existence shall be indicated by an appropriate notation thereon and the amounts shall be shown in detail in a supplementary statement.*†

§ 34.10-17 *Nominally issued securities.* (a) Each carrier shall maintain, in addition to the capital stock and long-term debt accounts prescribed herein, memorandum debit and credit accounts for securities which have been nominally but not actually issued.

(b) When no-par stock is nominally issued, the number of shares issued shall be shown in the memorandum accounts.

(c) A separate memorandum account, with appropriate title, shall be maintained for each class and issue or series of such securities.*†

BALANCE-SHEET ACCOUNTS
§ 34.10-99 Contemplated form of balance sheet. (See Sec. 34.03-9.)

Balance Sheet
Asset Side

Account No. Particulars

COMMUNICATION PLANT

1000 Operated plant in carrier's service. \$-----
1100 Operated plant leased to others. -----
1200 Improvements and replacements of operated plant leased from others. -----
1300 Plant under construction. -----
1400 Plant held for future communication use. -----
1510 Plant acquisition adjustments. -----
Less:
1515 Allowance for depreciation—Radiotelegraph plant. -----
1520 Allowance for amortization—Radiotelegraph plant. -----
1530 Telephone, wire-telegraph, and ocean-cable plant. -----
1535 Less: Allowance for depreciation and amortization—Telephone, wire-telegraph, and ocean-cable plant. -----
1599 Foreign investment in communication plant. -----
Total. -----

INVESTMENTS AND FUNDS

1610 Miscellaneous physical property. \$-----
1615 Less: Allowance for depreciation—Miscellaneous physical property. -----
1620 Investments in affiliates. -----
1629 Other investments. -----
1630 Debt redemption funds. -----
1635 Employees' provident funds. -----
1640 Insurance funds. -----
1645 Miscellaneous funds held by trustees. -----
1689 Other miscellaneous funds. -----
1698 Amortized discount and premium on investment securities. -----
1699 Less: Allowance for doubtful investments. -----
Total. -----

CURRENT ASSETS

1710 Cash. \$-----
1715 Special cash deposits. -----
1720 Working cash advances. -----
1725 Temporary investments. -----

Account No. Particulars

1730 Operating revenues receivable from users. \$-----
1742 Traffic settlements receivable from affiliates. -----
1749 Other receivables from affiliates. -----
1751 Notes receivable. -----
1752 Traffic settlements receivable. -----
1753 Matured interest receivable. -----
1754 Declared dividends receivable. -----
1755 Matured rents receivable. -----
1759 Other accounts receivable. -----
----- \$-----

1765 Less: Allowance for uncollectible receivables. ----- \$-----

1770 Unmatured accrued receivables. -----
1775 Subscriptions to capital stock. -----
1780 Less: Deposits on subscriptions to capital stock. -----

1785 Subscriptions to bonds. -----
1790 Less: Deposits on subscriptions to bonds. -----

1795 Material and supplies. -----
1799 Other current assets. -----

PREPAYMENTS

1810 Prepaid insurance. -----
1815 Prepaid rents. -----
1820 Prepaid taxes. -----
1899 Other prepayments. -----

Total. -----

DEFERRED CHARGES

1910 Extraordinary maintenance, depreciation, and retirements. -----
1915 Capital stock expense. -----
1920 Long-term debt expense. -----
1925 Discount on capital stock. -----
1930 Unamortized discount on debt. -----
1935 Preliminary survey and investigation charges. -----
1940 Debit balances in clearing accounts. -----
1999 Other deferred charges. -----

Total. -----

Total—asset side. -----

Liability Side

2010 Bonds actually issued. -----
2015 Less: Bonds reacquired. -----
2020 Bonds subscribed—Unissued. -----
2025 Receivers' and trustees' securities. -----
2030 Advances from affiliates. -----
2099 Other long-term debt. -----

Total. -----

CURRENT LIABILITIES

2110 Matured long-term debt. -----
2115 Customers' deposits. -----
2122 Traffic settlements payable to affiliates. -----
2129 Other payables to affiliates. -----
2131 Notes payable. -----

Account No. Particulars

2132 Traffic settlements payable. -----
2133 Matured interest payable. -----
2134 Declared dividends. -----
2135 Matured rents payable. -----
2139 Other accounts payable. -----
2155 Advance billings. -----
2160 Installment-plan receipts on purchase of capital stock. -----

LIABILITY ACCRUALS

2165 Interest accruals. -----
2170 Rent accruals. -----
2175 Tax accruals. -----
2180 Other accruals. -----
2199 Other current liabilities. -----
Total. -----

PROVISIONS FOR FUTURE SETTLEMENTS

2210 Provisions for employees' pensions and welfare. -----
2215 Provisions for self-carried insurance. -----
2220 Provisions for equalization of maintenance expenses. -----
2225 Provisions for depreciation and replacement of operated plant leased from others. -----
2230 Leased operated plant retired. -----
2299 Other provisions for future settlements. -----

Total. -----

DEFERRED CREDITS

2310 Unamortized premium on debt. -----
2315 Advances for construction. -----
2320 Credit balances in clearing accounts. -----
2399 Other deferred credits. -----

Total. -----

CAPITAL STOCK

2410 Capital stock issued. -----
2415 Less: Capital stock re-acquired. -----

2420 Capital stock subscribed—Unissued. -----
2425 Obligations for stock conversion. -----
Total. -----

CAPITAL SURPLUS

2510 Premiums and assessments on capital stock. -----
2515 Contributions of plant. -----
2599 Other capital surplus. -----

Total. -----

EARNED SURPLUS

2610 Contractual reserves. -----
2615 Reserve against impairment of stated capital. -----
2620 Miscellaneous reserves. -----
2699 Unappropriated earned surplus. -----

Total. -----

Total—liability side. -----

*†

Prescribed Accounts

NOTE: Number to the right of the decimal point is the account number.

Communication Plant

§ 34.1000 Operated plant in carrier's service. This account shall include the total of the balances in the operated plant accounts applicable to plant owned and

used by the carrier in its radiotelegraph operations, except such plant the cost of which is includable in account 1200, "Improvements and replacements of operated plant leased from others."*†

§ 34.1100 *Operated plant leased to others.* This account shall include the total of the balances in the operated plant accounts applicable to plant owned by the carrier and leased to others as substantially complete operating systems or operating units where the lessee has exclusive possession.

NOTE. When the lessor is given or retains the exclusive privileges to maintain, inspect, and service equipment, to handle and adjust traffic accounts, to perform other similar services, or to designate who may perform such services for the lessee, the lessee will be deemed not to have the exclusive possession of the plant, and its cost shall be included in account 1000, "Operated plant in carrier's service."*†

§ 34.1200 *Improvements and replacements of operated plant leased from others.* This account shall include the total of the balances in the operated plant accounts applicable to improvements and replacements of operated plant leased from others.*†

§ 34.1300 *Plant under construction.* (a) This account shall include the cost of construction of plant not completed ready for service.

(b) When any plant the cost of which is included in this account is completed ready for service, the cost thereof shall be credited to this account and charged to the operated plant accounts, account 1400, "Plant held for future communication use", or other accounts, as appropriate.*†

§ 34.1400 *Plant held for future communication use.* (a) This account shall include the cost of completed plant owned by the carrier and held for future use in communication service under a definite plan.

(b) The amounts included in this account shall be classified in accordance with the titles and texts of the appropriate plant accounts and the account shall be maintained in the same manner and detail as though the plant were in communication service.*†

§ 34.1510 *Plant acquisition adjustments.* (a) This account shall include the difference between (1) the acquisition cost of plant acquired from predecessors as substantially complete operating systems or operating units and (2) the original cost of such plant less the required allowances for depreciation and amortization of the plant at the date of acquisition. (See also Sec. 34.1-2.)

(b) This account shall include, under a separate subdivision, the difference between the original cost and the book cost of radiotelegraph plant at the effective date of this system of accounts, to the extent that such difference is not attributable to acquisitions from predecessors.

(c) This account shall be subdivided according to the character of the

amounts included herein for each plant acquisition; and further subdivided to show the amounts applicable to operated plant in carrier's service, operated plant leased to others, and plant held for future communication use.

(d) If the actual original cost is not known, the entries in this account shall be based upon an estimate of such cost.

(e) The amounts recorded in this account shall be disposed of in such manner as this Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of depreciation of plant.*†

§ 34.1515 *Allowance for depreciation—Radiotelegraph plant.* (a) This account shall be credited with amounts charged to account 4910, "Depreciation," to account 5010, "Income from operated plant leased to others," to account 5299, "Other deductions from ordinary income," and to clearing accounts for currently accruing depreciation of radiotelegraph plant owned by the carrier; also amounts of depreciation applicable to plant contributed to the carrier, and plant acquired from predecessors as provided in Secs. 34.1-2 and 34.1-5. (See also Secs. 34.04-1, 34.04-2, 34.04-3, 34.04-4, and 34.30-3.)

(b) As at the effective date of this system of accounts, this account shall be credited with such amount as is necessary to create a credit balance herein equal to the estimated sustained depreciation of all depreciable operated plant owned by the carrier at that date. The amount thus credited shall, unless otherwise authorized by this Commission, be charged to account 6299, "Other extraordinary income charges."

(c) This account shall be regarded and treated as a single composite allowance account. For purposes of analysis, however, each carrier shall maintain records in which the balance in the account shall be segregated into component parts corresponding to the operated plant accounts and subdivisions thereof which include the cost of depreciable operated plant.

(d) This account shall be subdivided as follows:

- 1515:01 Allowance for depreciation of operated plant owned and used in carrier's service.
- 1515:02 Allowance for depreciation of improvements and replacements of plant leased from others.
- 1515:03 Allowance for depreciation of operated plant leased to others.
- 1515:04 Allowance for depreciation of plant held for future communication use.

NOTE: When plant is transferred from one class of communication service to another or from communication service to noncarrier operations, the accounting shall be as provided in Sec. 34.1-7.*†

§ 34.1520 *Allowance for amortization—Radiotelegraph plant.* (a) This account shall be credited with amounts charged to account 4915, "Amortization—Intangible operated plant," to account 5010, "Income from operated plant leased to others," and to account 5299, "Other deductions from ordinary income," to provide for the extinguishment of amounts included in accounts 82, "Franchises," 83, "Patent rights," 84, "Leaseholds," and 89, "Other intangibles," also amounts of amortization applicable to plant contributed to the carrier and plant acquired from predecessors as provided in Secs. 34.03-6 and 34.1-2. (See also Sec. 34.30-3.) It shall be credited with amounts charged to account 6299, "Other extraordinary income charges," to provide for the extinguishment of amounts included in account 81, "Organization."

(b) This account shall be credited or charged, as appropriate, with amounts authorized or directed by the Commission to be charged or credited to accounts 4920, "Amortization of plant acquisition adjustments," and 5255, "Amortization of plant acquisition adjustments," to provide for the extinguishment of amounts included in account 1510, "Plant acquisition adjustments."

(c) As at the effective date of this system of accounts, this account shall be credited with such amount as is necessary to create a credit balance herein equal to the expired service value of intangibles (having a terminable life) the cost of which is includable in accounts 82, "Franchises," 83, "Patent rights," 84, "Leaseholds," and 89, "Other intangibles." The amount thus credited shall, unless otherwise authorized by this Commission, be charged to account 6299, "Other extraordinary income charges."

(d) When any franchise, patent right, leasehold, or other intangible item expires or is sold, relinquished, or otherwise retired from service, the cost thereof shall be credited to the appropriate plant account and this account shall be charged with the amount previously credited hereto with respect to such intangible item. The difference between the foregoing amounts, less the proceeds realized at retirement, shall be charged to account 6299, "Other extraordinary income charges," or credited to account 6199, "Other extraordinary income credits," as appropriate.

(e) The records supporting the entries in this account shall be so maintained as to show the amount applicable to each intangible item under the following subdivisions:

- 1520:01 Allowance for amortization of intangibles in carrier's service.
- 1520:02 Allowance for amortization of intangibles leased to others.
- 1520:03 Allowance for amortization of plant acquisition adjustments.

1520:04 Allowance for amortization of intangibles held for future communication use.

*†

§ 34.1530 *Telephone, wire-telegraph, and ocean-cable plant.* This account shall include the amount of the balances in the plant accounts for telephone, wire-telegraph, and ocean-cable plant in service. (See also Sec. 34.03-8.) *†

§ 34.1535 *Allowance for depreciation and amortization—Telephone, wire-telegraph, and ocean-cable plant.* This account shall include the amount of the balances in the allowance accounts for telephone, wire-telegraph, and ocean-cable plant in service. (See also Sec. 34.03-8.) *†

§ 34.1599 *Foreign investment in communication plant.* (a) This account may include the net amount of the acquisition cost of the carrier's communication plant that is located in foreign countries and the related allowances for depreciation and amortization, when the detailed amounts are required to be stated in terms of foreign currency or in a manner at variance with the requirements of this system of accounts.

(b) A separate subaccount with appropriate title shall be maintained for the plant located in each foreign country.

(c) The records supporting the entries in this account shall be so maintained that, in the reports to this Commission, a complete analysis of the transactions affecting each station may be shown.

(d) Each carrier that elects to use this account shall advise this Commission of the fact at least sixty days before the effective date of this system of accounts. Changes from this elective procedure to the alternative procedure prescribed for domestic plant, or vice versa, shall not be made thereafter without submitting to this Commission for its consideration and approval notice of the change at least ninety days before the proposed effective date of such change.*†

Investment and Fund Accounts

§ 34.1610 *Miscellaneous physical property.* This account shall include the carrier's investment in physical property other than that used in communication service, except property the cost of which is includable in account 1400, "Plant held for future communication use." It shall include the amount of all assessments for the construction of public improvements levied against miscellaneous physical property. (See also Sec. 34.1-7.) *†

§ 34.1615 *Allowance for depreciation—Miscellaneous physical property.* (a) This account shall be credited with amounts charged to account 5110, "Income from miscellaneous physical property," for the depreciation of depreciable property the cost of which is includable in account 1610, "Miscellaneous physical property."

(b) When miscellaneous physical property is disposed of, this account

shall be charged with the amount previously credited hereto with respect to such property. The difference between the book cost of the property retired and the sum of the amount chargeable to this account and the amount of the salvage recovered (or the proceeds from the sale of the property) shall be charged to account 6299, "Other extraordinary income charges," or credited to account 6199, "Other extraordinary income credits," as appropriate. (See also Sec. 34.1-7.) *†

§ 34.1620 *Investments in affiliates.*

(a) This account shall include the book cost of the carrier's investment in securities issued or assumed by affiliates, other than securities of affiliates held in special funds or as temporary investments. It shall include the amount of investment advances to affiliates.

(b) The records supporting the entries in this account shall be so maintained as to show each class of investment in each affiliate under the following subdivisions:

1620:01 Investments in securities of affiliates.

1620:02 Investment advances to affiliates.

NOTE A: The book cost of securities of affiliates owned by the carrier and held in special funds or as temporary investments shall be included in accounts 1630, 1635, 1640, 1645, 1659, or 1725, as appropriate.

NOTE B: Advances to affiliates that are subject to current settlement shall be included in account 1749, "Other receivables from affiliates." *†

§ 34.1629 *Other investments.* (a) This account shall include the book cost of the carrier's investment in securities issued or assumed by nonaffiliates, other than such securities held in special funds or as temporary investments. It shall include the amount of investment advances to nonaffiliates and other investments not provided for elsewhere.

(b) The records supporting the entries in this account shall be so maintained as to show each class of investment in each nonaffiliate under the following subdivisions:

1629:01 Investments in securities of nonaffiliates.

1629:02 Investment advances to nonaffiliates.

1629:99 Other.

NOTE A: The book cost of securities of nonaffiliates owned by the carrier and held in special funds or as temporary investments, shall be included in accounts 1630, 1635, 1640, 1645, 1659, or 1725, as appropriate.

NOTE B: Advances to nonaffiliates that are subject to current settlement shall be included in account 1751, "Notes receivable," or account 1759, "Other accounts receivable," as appropriate.*†

§ 34.1630 *Debt-redemption funds.*

(a) This account shall include the book cost of assets that have been segregated in special funds for the purpose of redeeming outstanding long-term debt of the carrier.

(b) A separate subaccount, with appropriate title, shall be maintained for

each issue or series of long-term debt for the redemption of which a special fund is maintained.

NOTE: Nothing contained herein shall be construed as preventing the carrier from transferring applicable debt-redemption funds to account 1715, "Special cash deposits," for the purpose of paying matured long-term debt, or obligations called for redemption but not presented, or the interest thereon.*†

§ 34.1635 *Employees' provident funds.*

This account shall include the amount of cash, the book cost of securities of others, and the book amount of nominally issued and nominally outstanding securities issued or assumed by the carrier and other assets held by trustees or managers of employees' pension funds, saving funds, relief, hospital, and other association funds (whether contributed by the carrier, by employees, or by others), when such trustees or managers are acting for the carrier in the administration of such funds. (See also Secs. 34.10-15 and 34.30-2.) *†

§ 34.1640 *Insurance funds.* (a) This account shall include the book cost of assets that have been segregated in special funds for the purpose of liquidating losses from accident, fire, flood, or other casualties.

(b) A separate subaccount, with appropriate title, shall be maintained for each class of funds.*†

§ 34.1645 *Miscellaneous funds held by trustees.* This account shall include the amount of cash and the cost of other assets deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; also cash realized from the sale of the carrier's securities and deposited with trustees to be held until invested in property for the carrier. When the purposes of such deposits are satisfied and the deposits are released, this account shall be credited with the amount released.*†

§ 34.1659 *Other miscellaneous funds.* (a) This account shall include the book cost of assets that have been segregated in special funds for specific purposes not provided for elsewhere.

(b) A separate subaccount, with appropriate title, shall be maintained for each class of funds.*†

§ 34.1698 *Amortized discount and premium on investment securities.* (a) This account shall include the amount of amortized discount and premium charged or credited as interest from securities held as long-term investments, as provided in paragraph (e) of Sec. 34.10-7.

(b) A separate subaccount with appropriate title shall be maintained for each class and issue or series of securities with respect to which amounts are entered herein, with an appropriate reference to the account in which the cost of the securities is recorded.*†

§ 34.1699 *Allowance for doubtful investments.* (a) This account shall be credited with amounts charged to account 6299, "Other extraordinary income charges," to provide for the doubtful value of investments.

(b) When securities are sold or otherwise disposed of, or their book cost is reduced to a nominal value, this account shall be charged with any amounts covered by credits hereto with respect to such securities.*†

Current Assets

§ 34.1710 *Cash.* This account shall include the amount of current funds available for use on demand, in the hands of financial officers and agents, or deposited in banks or with trust companies, and funds in transit for which managers and agents have received credit.*†

§ 34.1715 *Special cash deposits.* (a) This account shall include the amount of cash in special deposits, other than in debt-redemption and other funds, for the payment of interest, dividends, and other debts when such payments are due one year or less from the date of deposit; also the amount of cash deposited to insure the performance of contracts to be performed within one year from the date of deposit, and other cash deposits for specific purposes not provided for elsewhere. When the purposes of such deposits are satisfied and the deposits are released, this account shall be credited with the amount released.

(b) This account shall be subdivided as follows:

- 1715:01 Special deposits—Interest.
- 1715:02 Special deposits—Dividends.
- 1715:99 Special deposits—Other.

*†

§ 34.1720 *Working cash advances.* This account shall include the amount of cash advanced to officers, agents, employees, and others as petty cash or working funds.*†

§ 34.1725 *Temporary investments.* (a) This account shall include the book cost of securities acquired for the purpose of temporarily investing cash, such as demand and time loans, bankers' acceptances, United States Treasury certificates, and other similar investments.

(b) This account shall be subdivided as follows:

- 1725:01 Temporary investments—Affiliates.
- 1725:99 Temporary investments—Others.

*†

§ 34.1730 *Operating revenues receivable from users.* (a) This account shall include amounts receivable from customers for services rendered or billed and from agents and collectors authorized to make collections from customers.

(b) This account shall be subdivided as follows:

- 1730:03 Agents and collectors.
- 1730:99 Others.

(c) The records supporting the entries in this account shall be so maintained as to show separately (1) amounts due for services rendered and (2) amounts

due for services to be rendered (see contra account 2155, "Advance billings").

NOTE A: Amounts representing revenues accrued but not due shall be included in account 1770, "Unmatured accrued receivables."

NOTE B: Amounts receivable from other carriers for participation in transmission shall be included in the accounts maintained in accordance with the provisions of paragraph (a) of Sec. 34.31-3.

NOTE C: Amounts due on notes accepted in settlement of customers' accounts shall be included in account 1751, "Notes receivable."*†

§ 34.1742 *Traffic settlements receivable from affiliates.* This account shall include the net amount receivable from affiliated carriers against each of which there is a net debit balance in the accounts maintained for traffic settlements. (See particularly paragraph (a) of Sec. 34.31-3.)*†

§ 34.1749 *Other receivables from affiliates.* (a) This account shall include amounts receivable from affiliates not provided for elsewhere. (See particularly accounts 1730, 1742, 1770, 1775, and 1785.)

(b) This account shall be subdivided as follows:

- 1749:01 Matured interest receivable.
- 1749:02 Declared dividends receivable.
- 1749:03 Matured rents receivable.
- 1749:04 Current notes receivable.
(See also account 1620.)
- 1749:99 Other accounts receivable.

(c) In stating the balance sheet there may be included in this account the net amount receivable from affiliates against each of which there is a net debit balance between items applicable to a particular subdivision of this account and the comparable subdivision of account 2129, "Other payables to affiliates."*†

§ 34.1751 *Notes receivable.* (a) This account shall include amounts receivable from persons other than affiliates on notes, drafts, acceptances, and other evidences of indebtedness, payable on demand or not more than one year from the date of issuance. (See also account 1629, "Other investments.")

(b) The book amount of items includable herein that are discounted or sold without releasing the carrier from liability thereon, shall be credited to this account and reported as a contingent liability. (See particularly Sec. 34.10-16.)*†

§ 34.1752. *Traffic settlements receivable.* This account shall include the net amount receivable from persons other than affiliates against each of which there is a net debit balance in the accounts maintained for traffic settlements. (See particularly paragraph (a) of Sec. 34.31-3.)*†

§ 34.1753 *Matured interest receivable.* This account shall be charged with amounts credited to account 5125, "Interest income," or account 5135, "Income from debt-redemption and other funds," representing matured interest receivable

from persons other than affiliates that is subject to current settlement.

NOTE A: Earned interest receivable that is accrued but unmatured shall be included in account 1770, "Unmatured accrued receivables."

NOTE B: Matured interest receivable that is not subject to current settlement shall be included in the account in which the principal amount is carried.*†

§ 34.1754 *Declared dividends receivable.* This account shall be charged with amounts credited to account 5120, "Dividend income," or to account 5135, "Income from debt-redemption and other funds," representing dividends declared on stocks of persons other than affiliates that become mature not later than the first day following the date of the balance sheet.

NOTE: Declared dividends receivable that do not mature until after the first day following the date of the balance sheet shall be included in account 1770, "Unmatured accrued receivables."

§ 34.1755 *Matured rents receivable.* This account shall be charged with amounts credited to the income accounts representing rentals receivable from persons other than affiliates that are matured and subject to current settlement.

NOTE A: Rentals receivable that are accrued but unmatured shall be included in account 1770, "Unmatured accrued receivables."

NOTE B: Amounts receivable for minor rentals shall be included in account 1730, "Operating revenues receivable from users."*†

§ 34.1759 *Other accounts receivable.* (a) This account shall include the net amount receivable from persons other than affiliates against each of whom there is a net debit balance in accounts maintained for transactions other than those includable in accounts 1730 and 1751 to 1755, inclusive. (See also accounts 1749, "Other receivables from affiliates," 1770, "Unmatured accrued receivables," 1775, "Subscriptions to capital stock," and 1785, "Subscriptions to bonds.")

(b) This account shall be subdivided as follows:

- 1759:02 Receivable from officers and employees.
- 1759:99 Receivable from others.

*†

§ 34.1765 *Allowance for uncollectible receivable.* (a) This account shall be credited with amounts charged to account 4935, "Uncollectible revenues," account 5299, "Other deductions from ordinary income," and account 6299, "Other extraordinary income charges," to provide for uncollectible receivables, under a plan consistently followed and adjusted for errors in estimates.

(b) This account shall be charged with any amounts covered herein that are determined to be impracticable of collection and shall be credited with amounts collected that previously were charged herein.

(c) The records supporting the entries in this account shall be so maintained

as to show the amount applicable to each class of receivables for which allowances are established; also the account that was charged with each credit in this account.*†

§ 34.1770 *Unmatured accrued receivables.* (a) This account shall include the amount of revenue estimated to have accrued for services not billed but billable or not due under contract and the amount of interest, dividends, rent, and other items accrued to the date for which the balance sheet is made, but not receivable until after the first day following that date.

(b) This account shall be subdivided as follows:

- 1770:01 Accrued communication revenue.
- 1770:02 Accrued interest.
- 1770:03 Declared dividends.
- 1770:04 Accrued rents.
- 1770:99 Other accrued receivables.

*†

§ 34.1775 *Subscriptions to capital stock.* (a) The amount of each subscription to capital stock of the carrier shall be charged to this account at the time the subscription is accepted. The book amount of the stock subscribed shall be credited to account 2420, "Capital stock subscribed—Unissued." The difference between the foregoing amounts shall be charged or credited, as appropriate, to the discount and premium account maintained under the provisions of paragraph (a) of Sec. 34.10-13. (See also account 1780, "Deposits on subscriptions to capital stock.")

(b) This account shall be subdivided as follows:

- 1775:01 Amounts subscribed by affiliates.
- 1775:02 Amounts subscribed by officers and employees.
- 1775:04 Amounts subscribed by underwriters.
- 1775:99 Amounts subscribed by others.

*†

§ 34.1780 *Deposits on subscriptions to capital stock.* (a) This account shall be credited with amounts received as payments on subscriptions to capital stock.

(b) When payment for the total amount of a subscription has been received, this account shall be charged and account 1775, "Subscriptions to capital stock," shall be credited with such total amount.

(c) Any amounts in this account which become the property of the carrier by forfeiture shall be charged here-to and credited to account 2599, "Other capital surplus."

(d) This account shall be subdivided as follows:

- 1780:01 Deposits received from affiliates.
- 1780:02 Deposits received from officers and employees.

- 1780:04 Deposits received from underwriters.
- 1780:99 Deposits received from others.

*†

§ 34.1785 *Subscriptions to bonds.* (a) The amount of each subscription to bonds of the carrier shall be charged to this account at the time the subscription is accepted. The face amount of the bonds subscribed shall be credited to account 2020, "Bonds subscribed—Unissued." The difference between the foregoing amounts shall be charged or credited, as appropriate, to the discount and premium account maintained under the provisions of paragraph (a) of Sec. 34.10-14. (See also account 1790, "Deposits on subscriptions to bonds.")

(b) This account shall be subdivided as follows:

- 1785:01 Amounts subscribed by affiliates.
- 1785:02 Amounts subscribed by officers and employees.
- 1785:04 Amounts subscribed by underwriters.
- 1785:99 Amounts subscribed to others.

*†

§ 34.1790 *Deposits on subscriptions to bonds.* (a) This account shall be credited with amounts received as payments on subscription to bonds of the carrier.

(b) When payment for the total amount of a subscription has been received, this account shall be charged and account 1785, "Subscriptions to bonds," shall be credited with such total amount.

(c) Any amounts in this account which becomes the property of the carrier by forfeiture shall be charged here-to and credited to account 6199, "Other extraordinary income credits."

(d) This account shall be subdivided as follows:

- 1790:01 Deposits received from affiliates.
- 1790:02 Deposits received from officers and employees.
- 1790:04 Deposits received from underwriters.
- 1790:99 Deposits received from others.

*†

§ 34.1795 *Material and supplies.* (a) This account shall include the cost (consideration being given to the adjustments outlined in paragraphs (b), (c), (d), and (e) of this account) of unapplied material and supplies held for use in communication service (including plant supplies, unissued small tools, fuel, stationery, and other supplies) and of material and articles of the carrier in process of manufacture for supply stock.

(b) Cost shall include the purchase price at the point of free delivery, plus customs duties, excise taxes, and other taxes on purchases, insurance, cost of inspection, special tests prior to ac-

ceptance, loading and unloading, transportation, and other directly assignable charges. (Transportation and other charges impracticable of inclusion in the cost of the particular material to which they relate shall be charged to account 9030, "Supply expense—Undistributed.")

(c) Cash and other discounts on material shall be deducted from the cost of the particular material to which they relate or credited to the account to which the material is charged. (When impracticable of such treatment they shall be credited to account 9030, "Supply expense—Undistributed.")

(d) Material recovered in connection with construction, maintenance, or retirement of plant shall be included in this account as follows:

(1) Reusable material shall be included in the appropriate subdivision of this account at weighted average prices based upon the estimated reasonable second-hand value thereof.

(2) The cost of repairing reusable material shall be charged to this account. (When impracticable of such treatment, the cost of such repairing shall be charged to account 9030, "Supply expense—Undistributed.")

(3) Scrap and nonusable material shall be included in this account at the estimated net amount realizable therefrom. The differences between the amounts realized for scrap and nonusable material sold and the amount at which the material was included in this account shall be adjusted to the accounts credited when the material was charged to this account. (When impracticable of such treatment, the differences shall be adjusted to account 9030, "Supply expense—Undistributed.")

(e) Inventories of material and supplies shall be taken during each calendar year and the necessary adjustments shall be made to bring the balance in this account into agreement with the actual inventories. In effecting the adjustments, differences that can be assigned to important classes of material shall be equitably adjusted among the accounts to which such classes of material were charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which material has been charged since the last inventory or included in account 9030, "Supply expense—Undistributed."

(f) This account shall be subdivided as follows:

- 1795:01 Material held for use in the carrier's communication operations.
- 1795:02 Material in process of conversion.
- 1795:03 Merchandise known to be held predominantly for sale or resale, or for use in jobbing or contracting operations.

1795:04 Material and supplies held for other than communication operations.

1795:05 Undistributed supply expense.

NOTE A: This account shall not include amounts representing cost of material or articles the title to which is not vested in the carrier.

NOTE B: Interest on material bills, the payment of which has been delayed, shall be charged to account 5235, "Other interest charges."*†

§ 34.1799 *Other current assets.* (a) This account shall include the amount of current assets not provided for elsewhere.

(b) The records supporting the entries in this account shall be so maintained as to show the nature of each class of assets included herein.*†

Prepayments

§ 34.1810 *Prepaid insurance.* This account shall be charged with the amounts of insurance premiums paid in advance. As the term expires for which the insurance premiums were paid, this account shall be credited at monthly intervals and the appropriate accounts charged.*†

§ 34.1815 *Prepaid rents.* This account shall be charged with the amounts of rents paid in advance. As the term expires for which the rents were paid, this account shall be credited at monthly intervals and the appropriate accounts charged.*†

§ 34.1820 *Prepaid taxes.* This account shall be charged with the amounts of taxes paid in advance. As the term expires for which the taxes were paid, this account shall be credited at monthly intervals and the appropriate accounts charged.*†

§ 34.1899 *Other prepayments.* This account shall be charged with the amounts of prepayments not provided for elsewhere. As the term expires for which the payments were made, this account shall be credited at monthly intervals and the appropriate accounts charged.*†

Deferred Charges

§ 34.1910 *Extraordinary maintenance, depreciation, and retirements.* This account shall include, when so authorized by this Commission, the unprovided-for loss in service value of plant retired for causes not factors in depreciation. (See also Sec. 34.04-4.) It shall include such other amounts as may be authorized or directed by this Commission.*†

§ 34.1915 *Capital stock expense.* (a) This account shall include the amount of stock expenses that have not been charged to account 6299, "Other extraordinary income charges." (See particularly Sec. 34.10-13.)

(b) A separate subaccount, with appropriate title, shall be maintained for stock expenses applicable to each class of capital stock.

NOTE: Expenses incurred in connection with the reacquisition and resale of capital stock shall be accounted for as provided in Sec. 34.10-13 and account 2415, "Capital stock reacquired."*†

§ 34.1920 *Long-term debt expense.* (a) This account shall include the amount of debt expenses that have not been charged to account 6299, "Other extraordinary income charges." (See particularly Sec. 34.10-14.)

(b) A separate subaccount, with appropriate title, shall be maintained for debt expenses applicable to each issue or series of long-term debt.

NOTE: Expenses incurred in connection with the reacquisition and resale of long-term debt shall be accounted for as provided in Sec. 34.10-14 and the text of account 2015, "Bonds reacquired."*†

§ 34.1925 *Discount on capital stock.* This account shall include the total of the debit balances in the capital stock discount and premium accounts. (See particularly Sec. 34.10-13.)*†

§ 34.1930 *Unamortized discount on debt.* This account shall include the total of the debit balances in the long-term debt discount and premium accounts. (See particularly Sec. 34.10-14.)*†

§ 34.1935 *Preliminary survey and investigation charges.* (a) This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of major projects under contemplation. If construction results, this account shall be credited and the appropriate plant account charged. If the work is abandoned, the charge shall be to account 6299, "Other extraordinary income charges", unless otherwise authorized or directed by the Commission.

(b) The records supporting the entries in this account shall be so maintained that the carrier can furnish complete information as to the nature and purpose of the survey, plans or investigations, and the nature and respective amounts of the charges.

NOTE: The amount of preliminary survey and investigation charges transferred to the plant accounts shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to the plant. (See also Sec. 34.03-7.)*§

§ 34.1940 *Debit balances in clearing accounts.* This account shall include the total of the debit balances in all clearing accounts except account 9030, "Supply expense—Undistributed." (See also Sec. 34.90-2.)*†

§ 34.1999 *Other deferred charges.* (a) This account shall include the amount of deferred charges not provided for elsewhere. (See also Sec. 34.03-15.)

(b) The records supporting the entries in this account shall be so maintained that the carrier can furnish complete information as to each item included herein.*†

Long-term Debt

§ 34.2010 *Bonds actually issued.* (a) This account shall include the face amount of actually issued and unmatured bonds that have not been retired or cancelled; also the face amount of

such bonds issued by others the payment of which has been assumed by the carrier. (See particularly Secs. 34.10-7, 34.10-8, and 34.10-17.)

(b) A separate ledger account, with appropriate title, shall be maintained for each issue or series of long-term debt.

NOTE A: Discount, expense, and premium on bonds shall be accounted for as provided in Sec. 34.10-14.

NOTE B: Matured bonds shall be included in account 2110, "Matured long-term debt."*†

§ 34.2015 *Bonds reacquired.* (a) This account shall include the face amount of bonds actually issued or assumed by the carrier and reacquired by it and held under conditions that do not permit the carrier to treat such bonds as retired or cancelled but do permit their resale. It shall not include securities that are held by trustees of debt-redemption and other funds.

(b) When any issue of bonds, or portion thereof, is reacquired, the acquisition cost of the bonds and the amount of unamortized discount, expense, or premium applicable thereto shall be accounted for as provided in Sec. 34.10-14.

(c) When reacquired bonds are sold, the book amount of the bonds shall be credited to this account and the difference between such amount and the amount received from the sale less commissions and expenses incurred in the sale shall be charged to account 6299, "Other extraordinary income charges", or credited to account 6199, "Other extraordinary income credits", as appropriate.

(d) A separate subaccount, with appropriate title, shall be maintained for each issue or series of bonds reacquired.*†

§ 34.2020 *Bonds subscribed—Unissued.* (a) This account shall include the face amount of bonds for which legally enforceable subscriptions have been received but for which evidences of indebtedness have not been issued.

(b) When the amount of each subscription is received and evidences of indebtedness are issued, this account shall be charged and account 2010, "Bonds actually issued", shall be credited with the face amount of such bonds.

(c) Interest that has accrued on the evidences of indebtedness issued to subscribers shall be accounted for through the appropriate interest account.

(d) A separate subaccount, with appropriate title, shall be maintained for subscriptions to each issue or series of bonds.*†

§ 34.2025 *Receivers' and trustees' securities.* (a) This account shall include the book amount of evidences of indebtedness issued by receivers or trustees in possession of the property of the carrier and acting under the orders of a court.

(b) A separate subaccount, with appropriate title, shall be maintained for each class and issue or series of securities includable herein.*†

§ 34.2030 *Advances from affiliates.* (a) This account shall include amounts owed to affiliates on notes maturing more than one year from date of issuance or origin and the amount of open accounts representing investment advances from affiliates.

(b) This account shall be subdivided as follows:

2030:01 Notes payable to affiliates.
2030:02 Investment advances from affiliates.

Note: Notes and open accounts representing indebtedness to affiliates that are subject to current settlement shall be included in account 2129, "Other payables to affiliates."*†

§ 34.2099 *Other long-term debt.* (a) This account shall include the amount of all long-term debt not provided for elsewhere.

(b) The records supporting the entries in this account shall be so maintained that the carrier can furnish complete information as to each item included herein.*†

Current Liabilities

§ 34.2110 *Matured long-term debt.* This account shall include the amount of long-term debt and receivers' and trustees' securities, including any obligations for premiums, matured and unpaid without specific agreement for extension of maturity. It shall include bonds drawn or called for redemption but not presented.*†

§ 34.2115 *Customers' deposits.* This account shall include amounts deposited with the carrier by customers as security for the payment of bills. (See also account 2315, "Advances for construction.")*†

§ 34.2122 *Traffic settlements payable to affiliates.* This account shall include the net amount payable to affiliated carriers in favor of each of which there is a net credit balance in the accounts maintained for traffic settlements. (See particularly paragraph (a) of Sec. 34.31-3.)*†

§ 34.2129 *Other payables to affiliates.* (a) This account shall include amounts payable to affiliates not provided for elsewhere. (See particularly accounts 2110, 2122, and 2165 to 2180, inclusive.)

(b) This account shall be subdivided as follows:

2129:01 Matured interest payable.
2129:03 Matured rents payable.
2129:04 Current notes payable. (See also account 2099, "Other long-term debt.")
2129:99 Other accounts payable.

(c) In stating the balance sheet there may be included in this account the net amount payable to affiliates in favor of each of which there is a net credit balance between items applicable to a particular subdivision of this account and the comparable subdivision of account 1749, "Other receivables from affiliates."*†

§ 34.2131 *Notes payable.* (a) This account shall include amounts payable to persons other than affiliates on notes, drafts, acceptances, and other evidences of indebtedness payable on demand or not more than one year from the date of issuance. (See also paragraph (b) of account 1751, "Notes receivable," and account 2099, "Other long-term debt.")

(b) This account shall be subdivided as follows:

2131:02 Payable to officers and employees.
2131:99 Payable to others.

*†

§ 34.2132 *Traffic settlements payable.* This account shall include the net amount payable to persons other than affiliates in favor of each of which there is a net credit balance in the accounts maintained for traffic settlements. (See particularly paragraph (a) of Sec. 34.31-3.)*†

§ 34.2133 *Matured interest payable.* (a) This account shall include the amount of interest matured and payable to persons other than affiliates on long-term debt or other obligations of the carrier. (See also account 2165, "Interest accruals.")

(b) The records supporting the entries in this account shall be so maintained as to show separately the rate and amount of interest included herein by reference to the obligation to which the interest relates.

Note: Matured interest payable that is not subject to current settlement shall be included in the account in which the principal amount is recorded.*†

§ 34.2134 *Declared dividends.* (a) This account shall include the amount of dividends that have been declared but not paid.

(b) The records supporting the entries in this account shall be so maintained as to show the amount of dividends declared on each class of capital stock.*†

§ 34.2135 *Matured rents payable.* This account shall be credited with amounts charged to the income accounts and amounts of clearances from account 2170, "Rent accruals," representing matured rents payable to persons other than affiliates.*†

§ 34.2139 *Other accounts payable.* This account shall include the amount of unpaid vouchers, pay rolls, and other items including the net amount payable to persons other than affiliates in favor of each of whom there is a net credit balance in the accounts maintained for transactions with such persons other than the transactions includable in accounts 2132 to 2135, inclusive.*†

§ 34.2155 *Advance billings.* (a) This account shall include the amount of bills rendered for communication service to be furnished in future accounting periods. (See also account 2315, "Advances for construction.")

(b) This account shall be charged and the appropriate operating revenue or asset account shall be credited as the services are rendered or as adjustments are approved.*†

§ 34.2160 *Installment-plan receipts on purchase of capital stock.* (a) This account shall include the amount of receipts from employees and others, other than on subscriptions, as partial payment on capital stock of the carrier.

(b) When amounts so received equal the agreed purchase price for capital stock, this account shall be charged and account 2410, "Capital stock issued," or account 2415, "Capital stock reacquired," as appropriate, shall be credited with the book amount of such stock. Any discount or premium on original issues shall be included in the appropriate discount and premium account.

(c) When amounts included herein are forfeited by purchasers, this account shall be charged and account 2599, "Other capital surplus," shall be credited with the amounts so forfeited.

(d) When, for any reason, receipts under this plan are refunded to purchasers, this account shall be charged with the amount of such refunds, to the extent that the refunds represent amounts of principal installment receipts.

(e) Any amounts credited to purchasers as interest on installment receipts shall be charged to account 5235, "Other interest charges." Any amount by which refunds on uncompleted purchases fail to equal the amounts received from purchasers shall be charged to this account and credited to account 2599, "Other capital surplus."

(f) This account shall be subdivided as follows:

2160:02 Receipts from officers and employees.
2160:99 Receipts from others.

*†

Liability accruals

§ 34.2165 *Interest accruals.* (a) This account shall be credited monthly with amounts charged to accounts 5210, "Interest on long-term debt," 5215, "Interest on indebtedness to affiliates," and 5235, "Other interest charges," representing proportionate amounts, applicable to the period, of interest liabilities that have not matured.

(b) When any item of interest included herein has matured, the amount thereof shall be cleared by a charge to this account and a credit to account 2133, "Matured interest payable," or other appropriate account.*†

§ 34.2170 *Rent accruals.* (a) This account shall be credited monthly with amounts charged to accounts 4940, "Rent for lease of operated plant," 4243, "Rent for operating offices," 4245, "Rent for other facilities," 4450, "Rent for offices," and 4455, "Other rents," representing proportionate amounts applica-

ble to the period, of rent liabilities that have not matured.

(b) When the obligation with respect to which any item included herein has matured the amount of such item shall be cleared by charges to this account and credits to account 2135, "Matured rents payable," or other appropriate account.*†

§ 34.2175 *Tax accruals.* (a) This account shall be credited monthly with the amount of taxes considered applicable to the period, and corresponding charges shall be made to the appropriate accounts. Such credits may be based upon estimates, but from time to time, as the facts become known, the amounts of the periodic credits shall be adjusted so as to include, as nearly as can be determined in each year, the taxes applicable to that year. Any amounts representing a prepayment of taxes applicable to a subsequent period shall be included in account 1820, "Prepaid taxes."

(b) The records supporting the entries in this account shall be so maintained that the carrier can furnish information as to the amounts by classes of taxes and taxing authorities, the basis for each tax determination, and the accounts to which charged.*†

§ 34.2180 *Other accruals.* (a) This account shall be credited with the amounts of accruals not provided for elsewhere.

(b) When the obligation with respect to which any item included herein has matured the amount of such item shall be cleared by charges to this account and credits to the appropriate account according to the nature of the matured item.*†

§ 34.2199 *Other current liabilities.* (a) This account shall include the amount of current liabilities not provided for elsewhere.

(b) The records supporting the entries in this account shall be so maintained as to show full details concerning each item included herein.*†

Provisions For Future Settlements

(See particularly Sec. 34.10-11)

§ 34.2210 *Provisions for employees' pensions and welfare.* (a) This account shall include specific appropriations of income and the amounts contributed by employees or others (whether carried in special trust funds or in the general funds of the carrier) for pensions, accident and death benefits, savings, relief, hospital, and other provident purposes, when administered by trustees or managers acting for the carrier.

(b) This account shall include also the amount accrued for pensions through charges to account 4435, "Relief and pensions." Amounts so credited shall, when actually paid to retired employees or paid into a trust fund irrevocably devoted to the payment of pensions, be charged hereto.*†

§ 34.2215 *Provisions for self-carried insurance.* (a) This account shall include provisions to cover self-carried risks for losses through accident, fire,

flood, or other causes, other than provisions made in the allowance for depreciation.

(b) Amounts included in this account shall be computed upon a basis of rates which fairly cover the risks incurred. These rates shall be determined according to the carrier's experience and best estimate as to the hazard covered. A schedule of risks covered by this account shall be maintained giving a description of the property or the character of the risks covered.

(c) If the carrier reinsures with insurance companies risks initially covered in this account, the premiums for such reinsurance shall be charged hereto.

(d) To the extent that losses and damages sustained are covered by this account, an amount equal thereto shall be charged to this account and credited to the accounts appropriate for the losses and damages sustained.

NOTE: All losses and damages sustained, including those covered by commercial insurance or by this account, shall be charged in the first instance to the allowance for depreciation, construction, repair, accidents and damages, or other appropriate account according to the character of the loss. Insurance recovered or amounts chargeable to this account on account of losses and damages sustained shall be credited to the account in which the losses and damages stand charged.*†

§ 34.2220 *Provisions for equalization of maintenance expenses.* (a) This account shall be credited with such amounts as this Commission may authorize or direct to be charged to account 4198, "Maintenance-expense equalization," under a plan to equalize maintenance expenses.

(b) When maintenance work is performed for which provision has been made in this account, the cost of such work shall be charged to the appropriate maintenance accounts. Concurrently this account shall be charged and account 4198, "Maintenance-expense equalization," shall be credited with an amount equal to the provisions for the cost of such maintenance work.

(c) The carrier's application to this Commission for permission to institute an equalization program shall show full details as to the plan of administration of the program, the character of the work to which amounts accrued may subsequently be applied, and the amount of the monthly or annual accruals for equalization purposes.

(d) A separate subaccount, with appropriate title, shall be maintained for each project or program for which provision is made in this account.*†

§ 34.2225 *Provisions for depreciation and replacement of operated plant leased from others.* (a) This account shall be credited with amounts charged to Account 4910, "Depreciation," for currently accruing depreciation of operated plant leased from others when the carrier, as lessee, is required to replace or to restore the condition of such plant and when such amounts are not subject to current reimbursement to the lessor.

(b) This account shall be charged with the cost of leased plant retired and the cost of removal when, under the terms of the lease, the carrier, as lessee, is required to replace or to restore the condition of plant leased from others. It shall be credited with the salvage value and any other amounts recovered from such retired plant. (See also Sec. 34.1-5.)

(c) As at the effective date of this system of accounts, this account shall be credited with such amount as is necessary to record herein the service value of operated plant leased from others that has expired during the periods of effective leasing agreement under which the carrier, as lessee, is required to replace or to restore the condition of such plant, and when such amounts are not subject to current settlement with the lessor. This includes amounts with respect to depreciable operated plant that has been retired during the periods of such agreements and the expired service value of such plant still in the service of the carrier. The amount thus credited shall, unless otherwise authorized by this Commission, be charged to account 6299, "Other extraordinary income charges."

(d) The amount in this account with respect to each leasing agreement shall be cleared at the expiration of the lease as provided in Sec. 34.1-6.

(e) The records supporting the entries in this account shall be so maintained as to show the amount included herein with respect to each leasing agreement.*†

§ 34.2230 *Leased operated plant retired.* (a) This account shall be credited with the cost of leased operated plant retired when the carrier, as lessee, is required to replace or to restore the condition of plant leased from others. (See also Sec. 34.1-5.)

(b) As at the effective date of this system of accounts, this account shall be credited, and account 2225, "Provisions for depreciation and replacement of operated plant leased from others," shall be charged with the original cost of operated plant leased from others that has been retired since the date of each effective leasing agreement under which the carrier, as lessee, is required to replace or to restore the condition of such plant, and when the cost of such replacement or restoration is not subject to current settlement with the lessor.

(c) The amount in this account with respect to each leasing agreement shall be cleared at the expiration of the lease as provided in Sec. 34.1-6.

(d) The records supporting the entries in this account shall be so maintained as to show the amount included herein with respect to each leasing agreement.*†

§ 34.2299 *Other provisions for future settlements.* (a) This account shall include the amount of provisions for future settlements not provided for elsewhere.

(b) The records supporting the entries in this account shall be so maintained as

to show complete details concerning each item included herein.*†

Deferred Credits

§ 34.2310 *Unamortized premium on debt.* This account shall include the total of the credit balances in the long-term debt discount and premium accounts. (See particularly paragraph (c) of Sec. 34.10-14.)*†

§ 34.2315 *Advances for construction.* (a) This account shall include the amount of such advances for construction as are to be repaid.

(b) When repayment is made of the entire amount to which the person making the advance is entitled, according to the agreement or rule under which the advance is made, the balance, if any, remaining in this account shall be transferred to account 2515, "Contributions of plant."

(c) This account shall be subdivided as follows:

- 2315:01 Amounts repayable in full.
- 2315:02 Amounts repayable in part.

*†

§ 34.2320 *Credit balances in clearing accounts.* This account shall include the total of the credit balances in all clearing accounts except account 9030, "Supply expense—Undistributed." (See also Sec. 34.90-2.)*†

§ 34.2399 *Other deferred credits.* (a) This account shall include the amount of deferred credits not provided for elsewhere. (See also Sec. 34.03-15.)

(b) The records supporting the entries in this account shall be so maintained that the carrier can furnish complete information as to each item included herein.*†

Capital Stock

§ 34.2410 *Capital stock issued.* (a) This account shall include the book amount of actually issued capital stock. (See particularly Secs. 34.10-7, 34.10-8, 34.10-9, 34.10-13, and 34.10-17.)

(b) When any class of capital stock or portion thereof is retired or cancelled, this account shall be charged with the amount at which such stock is carried herein.

(c) Separate subaccounts shall be maintained to show the book amount of stock with par value and stock with no-par value, classified according to preferences in distribution of dividends or assets, differences in voting rights, and differences in conditions under which they may be retired.

NOTE A: When a levy or assessment (not including a call for payment on subscriptions) is made against holders of capital stock, the amount collected upon such levy or assessment shall be accounted for in accordance with Sec. 34.10-13.

NOTE B: Discount, expense, and premium on capital stock shall be accounted for in accordance with Sec. 34.10-13.*†

§ 34.2415 *Capital stock reacquired.* (a) This account shall include the book amount of capital stock actually issued by the carrier and reacquired by it, ex-

cept stock which is held by trustees of debt-redemption and other funds. No-par stock shall be included in this account at the proportionate amount at which the particular class of stock is included in account 2410, "Capital stock issued."

(b) When any class of capital stock or portion thereof is reacquired or retired, the acquisition cost of the stock and the amount of unamortized discount, expense, or premium applicable thereto shall be accounted for in accordance with Sec. 34.10-13.

(c) When reacquired capital stock is sold, the book amount of the stock shall be credited to this account and the difference between such amount and the amount received from the sale less commissions and expenses incurred in the sale shall be charged or credited, as appropriate, to account 2599, "Other capital surplus"; provided, however, that charges shall be made to account 8299, "Miscellaneous charges to earned surplus," to the extent that the amounts thereof exceed the balance in account 2599. In no event shall charges in excess of accumulated credits from the reacquisition, resale, or retirement of capital stock of the same class be charged to account 2599.

(d) A separate subaccount, with appropriate title, shall be maintained for each class of capital stock reacquired.*†

§ 34.2420 *Capital stock subscribed—Unissued.* (a) This account shall include the book amount of capital stock for which legally enforceable subscriptions have been received but for which stock certificates have not been issued. (See also account 2160, "Installment-plan receipts on purchase of capital stock.")

(b) When the amount of each subscription is received and stock certificates are issued, this account shall be charged and account 2410, "Capital stock issued," shall be credited with the book amount of such stock.

(c) A separate subaccount, with appropriate title, shall be maintained for each class of capital stock.*†

§ 34.2425 *Obligations for stock conversion.* (a) This account shall include the book amount of capital stock that the carrier has agreed to exchange for the outstanding securities of other companies which have not been surrendered for exchange. (See particularly Sec. 34.10-8.)

(b) When the securities of the other companies have been surrendered, this account shall be charged and account 2410, "Capital stock issued," shall be credited with the book account of the stock given in exchange.

(c) A separate subaccount, with appropriate title, shall be maintained for each class of capital stock.*†

Capital Surplus

§ 34.2510 *Premiums and assessments on capital stock.* This account shall include the total of the credit balances in

the capital stock discount and premium accounts. (See particularly Sec. 34.10-13.)*†

§ 34.2515 *Contributions of plant.* (a) This account shall include the amounts of money or its equivalent contributed directly or indirectly to the carrier for the construction or acquisition of plant. (See also paragraph (b) of Sec. 34.1-2.)

(b) The amounts credited to this account shall not be transferred to any other account without the approval of this Commission.

(c) The records supporting the entries in this account shall be so maintained as to show complete information with respect to each contribution, including the amount and purpose, the conditions upon which it was made, and the name of donor.*†

§ 34.2599 *Other capital surplus.* (a) This account shall include all surplus not classified as earned surplus, as premiums and assessments on capital stock, or as contributions of plant. It shall include credits from sales by the carrier of its reacquired capital stock; surplus arising from the retirement and cancellation, from a reduction of the stated value, and from donations by stockholders, of the carrier's capital stock; surplus arising from forgiveness of debt of the carrier; and surplus recorded upon reorganization or recapitalization of the carrier. (See particularly Sec. 34.10-13 and account 2415, "Capital stock reacquired.")

(b) The records supporting the entries in this account shall be so maintained as to permit a ready analysis of the charges and credits.*†

Earned Surplus

§ 34.2610 *Contractual reserves.* (a) This account shall include the amount of earned surplus reserved or otherwise set aside in accordance with the terms of mortgages, deeds of trust, orders of courts, contracts, or other agreements. (See also Sec. 34.30-2.)

(b) Separate subaccounts shall be maintained under such titles as will designate the obligation in support of which each reserve recorded hereunder was created.*†

§ 34.2615 *Reserve against impairment of stated capital.* (a) This account shall be credited with amounts charged to account 8315, "Earned surplus employed in reacquisition of capital stock," as provided in paragraph (g) of Sec. 34.10-7.

(b) Upon resale or retirement of such reacquired stock, this account shall be charged and account 8315, "Earned surplus employed in reacquisition of capital stock," shall be credited.*†

§ 34.2620 *Miscellaneous reserves.* (a) This account shall include the amount of reservations of earned surplus not provided for elsewhere.

(b) Separate subaccounts shall be maintained under such titles as will designate the purpose for which each reserve recorded hereunder was created.*†

§ 34.2699 *Unappropriated earned surplus.* This account shall include the

amount of net earned surplus after providing for reservations and appropriations. (See particularly Sec. 34.10-10.) *†

OPERATED PLANT ACCOUNTS

Instructions

§ 34.1-1 Purpose and content of operated plant accounts. (a) The operated plant accounts are designed to show the cost of the carrier's plant having a service life of more than one year, whether used by the carrier or others in radiotelegraph service. (Account 1400, "Plant held for future communication use," shall also be classified according to the titles and texts provided for the several operated plant accounts.) (See also Sec. 34.03-8.)

(b) When operated plant ordinarily having a service life of more than one year is installed for temporary use in radiotelegraph service, it shall be accounted for in the same manner as other plant having a service life of more than one year.

(c) The cost of individual items of work equipment, such as hand and other portable tools that are likely to be lost or stolen, and other items of equipment that have relatively small value (\$10.00 or less) or short life, shall be included in the operated plant accounts only when the investment in such property is relatively large and the correctness of the accounting therefor is verified by the current inventory. When not so verified the cost of such items shall be charged to the operating expense (or clearing) account appropriate for the use of such items.

(d) The cost of plant includable in the following balance-sheet accounts shall be classified according to the titles and texts of the several plant accounts in the manner indicated by the chart under Sec. 34.1-99, which also shows the method for combining balance-sheet and plant account numbers when it is desired to indicate both the use and the class of plant:

- 1000 Operated plant in carrier's service.
- 1100 Operated plant leased to others.
- 1200 Improvements and replacements of operated plant leased from others.
- 1400 Plant held for future communication use.

(e) The records supporting the entries in the operated plant accounts shall be so maintained as to show the cost of plant used at each station or city office.*†

§ 34.1-2 Accounting for plant acquisitions. (a) Plant previously in public use contributed to the carrier, or plant constructed by the carrier through expenditures of contributed money or its equivalent, shall be charged to the plant accounts on basis of original cost, and there shall be credited to the allowance for depreciation and allowance for amortization accounts the estimated amounts of depreciation and amortization requirements applicable to the plant at the date

of acquisition. Plant not previously in public use contributed to the carrier shall be charged to the plant accounts at its estimated cost new at date of contribution and there shall be credited to the appropriate allowance for depreciation and allowance for amortization accounts the estimated amounts of such requirements applicable to the plant at that date. The difference between the amounts so includable in the plant and the allowance accounts shall be credited to account 2515, "Contributions of plant."

(b) Amounts received for construction which are ultimately to be repaid, wholly or in part, shall be credited to account 2315, "Advances for construction"; when final determination has been made as to the amount to be repaid, any amounts not subject to refund shall be transferred to account 2515, "Contributions of plants."

(c) When property that comprises a substantially complete operating system or operating unit is (or, prior to the effective date of this system of accounts, has been) acquired from predecessors by purchase, merger, consolidation, liquidation, or otherwise, that portion of the acquisition cost applicable to operated plant, plant under construction, and plant held for future communication use shall be charged to account 91, "Plant acquired—Undistributed charges."

(d) The accounting for the acquisition of such plant shall then be completed as follows:

(1) The original cost of such plant shall be charged to the plant accounts and account 1300, "Plant under construction", as appropriate, and credited to account 91, "Plant acquired—Undistributed charges." When the actual original cost cannot be determined and estimates are used, the carrier shall maintain records to show the particulars of such estimates.

(2) The required allowances for depreciation and amortization of such plant at date of acquisition shall be credited to accounts 1515, "Allowance for depreciation—Radiotelegraph plant", and 1520, "Allowance for amortization—Radiotelegraph plant", respectively, and charged to account 91, "Plant acquired—Undistributed charges."

(3) The amount remaining in account 91, "Plant acquired—Undistributed charges", applicable to such plant, upon the completion of the entries provided in the foregoing paragraphs (1) and (2), shall be transferred to account 1510, "Plant acquisition adjustments", except that, when any amount thus transferable to account 1510 applies to duplicate or other plant which is intended to be retired by the carrier in the reconstruction of the acquired plant and its consolidation with previously owned plant, a statement indicating the plan of the accounting proposed for the entire amount applicable to such plant shall be submitted for consideration and approval by this Commission.

(e) The accounting for radiotelegraph plant acquired from predecessors not provided for in paragraphs (c) and (d) hereof shall be upon basis of acquisition cost to the carrier.

(f) A memorandum record shall be kept of the amount of contributions applicable to the plant acquired, as shown by the accounts of the previous owner.

(g) Copies of journal entries recording the acquisition of (1) substantially complete operating systems, (2) substantially complete operating units, or (3) other plant (when the consideration paid for such other plant is \$25,000 or more), and of the entries clearing the amounts originally charged to account 91, "Plant acquired—Undistributed charges", shall be submitted within 90 days from the respective dates of such original and clearing entries for consideration and approval by the Commission. The text of such entries shall give a complete description of the plant acquired and the bases upon which the amounts of the entries have been determined.

(h) In connection with the acquisition of substantially complete operating systems or operating units, the carrier shall procure from the grantor (and the grantor shall deliver) all existing records relating to the property acquired, or certified copies thereof.

(i) If the acquisition involves construction by the accounting carrier, the provisions of Sec. 34.1-3 and Sec. 34.1-4 shall be observed.

NOTE: The cost of valuations, inventories, and appraisals taken in connection with the contemplated acquisition of plant shall be charged to account 1935, "Preliminary survey and investigation charges." If the plant is acquired, the preliminary costs shall be accounted for as a part of the cost of acquisition. If the contemplated acquisition is abandoned, such costs including options paid, shall be charged to account 6299, "Other extraordinary income charges."*†

§ 34.1-3 Components of construction cost. (a) The cost of construction properly includable in the plant accounts shall include the applicable direct and overhead costs, listed and described in paragraph (c) of this section and in Sec. 34.1-4 and other analogous items in connection with such work.

(b) When a part only of a project is placed in operation or is completed ready for service and the construction work as a whole is incomplete, that part of the plant placed in operation or ready for service shall be accounted for as completed.

(c) The following is a description of the principal components of construction costs:

(1) The pay and the expenses in lieu of wages of employees engaged in construction work, including the pay and expenses of foremen and inspectors in charge thereof.

(2) The purchase price at the point of free delivery of material and supplies, plus customs duties and excise taxes; the cost of inspection and handling; transportation to first point of delivery

to the carrier; an equitable portion of supply expense; the total cost of fabricated material from the carrier's shop; the book cost of reusable material; and the cost of tools consumed on a project.

NOTE: In determining the cost of material used, proper allowance shall be made for unused material and supplies, material recovered from temporary arrangements used in performing the work, salvage value of tools released from the project, and cash and other discounts realized in the purchase of material and supplies.

(3) The cost of transporting employees, material and supplies, tools, and work equipment not under its own power. Transportation of material and supplies includes transportation from point of first delivery to point of use. It includes amounts paid to others as well as the cost of operating the carrier's own transportation equipment.

(4) The cost of protecting the carrier's property from fire or other casualties and the cost of preventing injury to others and damage to the property of others.

(5) Expenditures or losses on account of injuries to persons and damages to the property of others. (See also accounts 4430, "Injuries and damages," and 4435, "Relief and pensions.")

(6) Payments for and expenses incurred in securing temporary privileges, permits, or rights in connection with construction work, such as for the use of private or public property, streets, or highways.

(7) Taxes on physical property during construction and before the facilities are completed ready for service, assessed separately from taxes on operating property or under conditions which permit separate identification or allocation of the amount chargeable to construction; also the portion applicable to construction costs of taxes imposed under the Social Security Act and similar state statutes.

(8) The net cost of borrowed funds used for construction purposes and a reasonable rate upon the carrier's own funds when so used. Such amounts shall be charged to the individual project upon which the funds are expended and shall be credited to account 5225, "Interest charged to construction—Cr." The period for which interest may be included in the cost of construction shall be limited to the duration of the construction work. In case construction work is suspended, interest covering a period of more than six months from the date of such suspension shall not be included in the cost of construction except when authorized by this Commission. No interest costs for projects that have been abandoned shall be included in these accounts.

(9) Premiums paid or amounts provided as self-insurance for protection against loss and damage by fire and other casualties, injury to or death of employees or others, damage to property of others, defalcation of employees and agents, non-performance of con-

tractual obligations of others, and the cost of workmen's compensation or similar insurance.

(10) The cost of telephone, water, electricity, power, office space, equipment, and analogous items allocable to the construction project; also similar items furnished by the carrier through its regular operating facilities.

(11) The pay and expenses of operators and helpers required for machine operation, material and supplies consumed, depreciation, and other expenses incurred in the maintenance, operation, and use of special machines such as steam shovels, pile drivers, and other labor-saving machines; also expenditures for rental, maintenance, and operation of such machines owned by others. When a particular construction project requires the purchase of special machines, the cost thereof, less the appraised or salvage value at the time of release from the project, shall be included in this component.

(12) The applicable portion of the pay and of the office and other expenses of the carrier's engineers and their staffs responsible primarily for technical features of construction work.

(13) Amounts paid to other companies, firms, or individuals engaged by the carrier to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work. A copy of the agreement or arrangement under which such services are rendered shall be preserved by the carrier.

(14) An equitable portion of the pay and of the office and other expenses of the general officers and their staffs. Such amounts shall be determined in accordance with Sec. 34.03-17.

(15) Amounts paid for work performed under contract by other persons. Costs incident to the award of such contracts, to the inspection of such work, and to any other work of any character performed by the carrier in connection with a contract-work project shall be included in the component of construction cost appropriate for the character of the service performed or the expense incurred.

(16) Any incidental revenues received or earned during the construction period, less the costs incident to producing the earnings, shall be credited to the cost of construction.*†

§ 34.1-4 Overhead construction costs.

(a) All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction, engineering, and supervision by others than the carrier, law expenses, insurance, injuries and damages, relief and pensions, taxes, and interest, shall be charged to particular projects or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each project or unit shall bear its equitable portion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted

from the plant accounts at the time the unit of plant is retired.

(b) The records supporting the entries for overhead construction costs shall be so maintained as to show the nature of the expenditures, the individual projects and accounts charged, and the bases of the distribution of such costs.

(c) The instructions contained herein shall not be interpreted as permitting the inclusion in the operated plant accounts of arbitrary amounts to cover assumed overhead costs, but as requiring the assignment to particular projects and accounts of actual and reasonable overhead costs.*†

§ 34.1-5 Improvements and replacements of operated plant leased from others. (a) Except as provided in paragraphs (b) and (c) of this section, the cost of initial improvements (including repairs, rearrangements, and additions) to operated plant leased from others, made in the course of preparing the plant for service and the cost of any subsequent additions to and replacements of the leased plant, shall be charged to the operated plant accounts appropriate for the class of plant leased. (See also Sec. 34.1-2.)

(b) When, under the terms of a leasing agreement, the carrier, as lessee, is required to make specific improvements to leased plant, and such improvements revert to the lessor and constitute a part of the consideration paid for use of the plant, the cost of such improvements shall be charged by the lessee to account 1815, "Prepaid rents," and amortized over the life of the lease to the appropriate rent account. Such portion of the cost of the improvements as represents additions to the leased plant shall be charged by the lessor (if a radiotelegraph carrier) to the appropriate plant accounts and credited to an appropriate subaccount under account 2399, "Other deferred credits." Amounts thus credited to account 2399 shall be amortized over the life of the lease to the appropriate rent account.

(c) When improvements to leased plant otherwise chargeable to the plant accounts are of relatively minor cost or short life, or the period of the lease is not more than 1 year, the cost thereof shall be charged to the accounts appropriate for the cost of repairs of such plant.

(d) When, under the terms of a lease, the carrier, as lessee, is required to replace or to restore the condition of plant leased from others, depreciation charges on such original plant shall be computed on the same basis as for owned depreciable plant. Such amounts shall be charged to account 4910, "Depreciation," and (if not subject to current settlement with the lessor) credited to account 2225, "Provisions for depreciation and replacement of operated plant leased from others." (See also Sec. 34.04-3.)

(e) When, under the terms of a lease, the carrier, as lessee, is required to replace or to restore the condition of plant

leased from others, the cost of leased plant retired by the lessee shall be credited to account 2230, "Leased operated plant retired." Such amount, together with the cost of removal, shall be charged, and the salvage value and any other amounts recovered shall be credited to account 2225, "Provisions for depreciation and replacement of operated plant leased from others."

(f) The accounting for the retirement of improvements and replacements of leased plant made by the lessee shall be as provided in Sec. 34.1-6.

(g) Upon termination of a lease and surrender of the plant to the lessor, the accounting by the lessor (if a radio telegraph carrier) for improvements and replacements of the leased plant which were made by the lessee shall be as follows:

The plant accounts shall be so adjusted as to include the original cost of the plant returned at the termination of the lease, including the original cost of improvements and replacements made by the lessee, and (as so adjusted) appropriately classified in conformity with Sec. 34.1-2. Account 1515, "Allowance for depreciation—Radiotelegraph plant", and account 1520, "Allowance for amortization—Radiotelegraph plant", shall be so adjusted as to include the required allowances for depreciation and amortization of such plant. The difference between (1) the net amount of the foregoing adjustments, and (2) the amount of any settlement with the lessee with respect to such plant, shall be charged to account 1999, "Other deferred charges", or credited to account 2399, "Other deferred credits", as appropriate. The amounts recorded in account 1999, or account 2399, with respect to each leasing agreement shall be disposed of in such manner as this Commission may approve or direct.

(h) Each carrier, as lessee, shall maintain memorandum accounts entirely independent of these accounts in which are recorded the cost, and related allowances, of plant placed under its exclusive control by a leasing agreement, and subsequent retirements of such plant while under the control of the carrier. Separate memorandum accounts shall be maintained for each leasing agreement. The records supporting the memorandum accounts shall be maintained in the same manner and detail as for owned operated plant.*†

§ 34.1-6 *Operated plant retired.* (a) To the end that the operated plant accounts shall at all times disclose the cost of plant in service, the cost of retired plant whether replaced or not (except as provided in paragraph (b) (2) of this section), shall be credited to the account or accounts prescribed in this system of accounts to which such cost was charged. Every carrier shall take such measures and establish such procedure as will insure strict compliance with these requirements. When any

item of plant is retired from service for any reason, the amount in the plant accounts applicable to that item shall be credited thereto and the retirement entry shall cite the original entry of cost of the item retired, by name and page of, or other definite identification of, book or other record in which maintained; except that when such entry cannot be identified or is not available, that fact shall be stated in the retirement entry. The records supporting retirement entries shall show also the aggregate quantity, in units of measure ordinarily used by the carrier, of each retirement unit retired. (See Sec. 34.1-6-1.)

(b) *Depreciable operated plant.* For the purpose of avoiding undue refinement, the accounting for retirements and replacements of depreciable operated plant shall be as follows:

(1) *Retirement units.* The cost of any unit retired (whether replaced or not) shall be credited to the appropriate plant account. Except as provided in paragraphs (e) and (f) of this section, the entire amount of such cost shall be charged to account 1515, "Allowance for depreciation—Radiotelegraph plant." (See also the text of that account.) The cost of plant installed in place of the plant retired shall be charged to the appropriate plant accounts.

(2) *Minor items.* Any minor item of plant retired and not replaced shall be accounted for as if it were a retirement unit except that, if the cost of a minor item of plant is accounted for through the retirement of a unit, no separate credit to the plant account is required when such an item is retired. If a minor item of plant is retired and replaced apart from the retirement unit of which it forms a part or with which it is associated, no adjustment shall be made in account 1515, "Allowance for depreciation—Radiotelegraph plant." The cost of the replacement shall be charged to the account appropriate for the cost of maintenance of the plant, except that, if the replacement effects a substantial betterment (the primary aim of which is to make the plant affected more useful, of greater durability, of greater capacity, or more economical in operation), the excess cost in place of the item installed over the cost of the item retired shall be charged to the appropriate plant account.

(c) *Land.* The cost of land retired shall be credited to account 11, "Land." If the land is sold, the difference between the cost of the land and the consideration received less commissions and other expenses of making the sale, shall be charged to account 6299, "Other extraordinary income charges", or credited to account 6199, "Other extraordinary income credits", as appropriate. If the land is retained by the carrier, its estimated fair value, not in excess of cost, shall be charged to account 1610, "Miscellaneous physical property." The dif-

ference, if any, between the amount credited to the plant account and the amount charged to account 1610 shall be charged to account 6299, "Other extraordinary income charges." (See also Sec. 34.1-7.)

(d) *Intangibles.* The accounting for franchises, patent rights, leases, and other intangibles retired shall be as provided in the text of account 1520, "Allowance for amortization—Radiotelegraph plant."

(e) When operated plant is sold with the associated traffic, the cost of such plant shall be credited to the appropriate plant accounts and the amounts carried with respect thereto in the depreciation and amortization allowance accounts shall be charged to such allowance accounts. The difference between (1) the net of such charges and credits and (2) the consideration received less commissions and other expenses of making the sale shall be charged to account 6299, "Other extraordinary income charges", or credited to account 6199, "Other extraordinary income credits", as appropriate. The accounting for depreciable operated plant sold without the associated traffic shall be as provided in paragraph (b) of this section and account 1515, "Allowance for depreciation—Radiotelegraph plant."

(f) Upon termination of a lease and transfer of the plant to the lessor, the cost of improvements and replacements made by the lessee to plant leased from others shall be credited to the plant accounts of the lessee in which they stand charged. The amounts applicable to such plant in account 1515, "Allowance for depreciation—Radiotelegraph plant" and account 1520, "Allowance for amortization—Radiotelegraph plant," shall be cleared from such allowance accounts. The difference between the amounts of the foregoing charges and credits shall be charged or credited, as appropriate, to account 2225, "Provisions for depreciation and replacement of operated plant leased from others." The amount of any settlement with the lessor with respect to such plant shall be charged or credited, as appropriate, to account 2225. The balances in account 2225, and account 2230, "Leased operated plant retired", with respect to each such expired lease shall, upon completion of the foregoing entries, be disposed of in such manner as this Commission may approve or direct.

(g) If, after performing the accounting provided in the foregoing paragraphs of this section and in Sec. 34.04-3, a credit balance remains, because of underestimating net salvage value or for any other reason, in the portion of any depreciation or amortization allowance account assignable to the plant retired, the portion of such balance applicable to the calendar year in which the plant is retired shall be charged to that allowance account and credited to the operating revenue-deduction or other account originally

charged with the estimated amount of current depreciation. The remainder of such balance shall be cleared from the allowance account as provided in Sec. 34.03-13.

Note A: The cost of valuations, inventories, and appraisals taken in connection with the contemplated sale of plant shall be charged to account 1935, "Preliminary survey and investigation charges." If the plant is sold, the preliminary costs shall be deducted from the sale price in accounting for the plant sold. If the contemplated sale is abandoned, such costs shall be charged to account 6299, "Other extraordinary income charges."

Note B: When the retirement of operated plant consisting of a complete operating unit or system or having a book cost of \$25,000 or more is occasioned by a sale, all transactions relating thereto shall be initially recorded in account 92, "Plant sold—Undistributed credits."

*†

§ 34.1-7 *Transfers of plant.* (a) When plant is transferred from one class of communication service to another, the transfer shall be accounted for by transferring the book cost thereof to the appropriate accounts, and likewise any related amounts in the allowance for depreciation and allowance for amortization accounts shall be transferred to the appropriate allowance accounts.

(b) When depreciable operated plant is transferred to noncarrier operations, the transfer shall be accounted for by crediting the appropriate plant accounts and charging account 1515, "Allowance for depreciation—Radiotelegraph plant", with the cost of the plant transferred. Account 1515 shall then be credited and account 1610, "Miscellaneous physical property", shall be charged with the estimated fair value, not in excess of cost, of the plant transferred.*†

§ 34.1-8 *Continuous property record required.* (a) Not later than January 1, 1940, each carrier shall begin the preparation of a continuous property record relating to property of the classes represented in the balance-sheet accounts under the caption "Communication plant", and in account 1610, "Miscellaneous physical property." The record shall be completed not later than June 30, 1942, with respect to property as at December 31, 1939, and with respect to the changes effected therein between the dates of January 1, 1940 and December 31, 1941, provided, however, that such data shall not be used by the carrier in its permanent records until the approval by this Commission of a plan (and list of property units) and other details of a continuous property record procedure submitted in compliance with the provisions of paragraph (b) of this section.

(b) Not later than June 30, 1940, each carrier shall submit to this Commission for consideration and approval a complete plan of the methods to be used in the compilation of the continuous property record, the installation and maintenance of which is prescribed in paragraph (a) of this section. The plan shall

include a list of the property units proposed for use, classified to conform with the operated plant accounts prescribed in this system of accounts, and include material lists for assemblies, together with the quantity-unit designation applicable to each property unit and to the integral or associated parts thereof. A narrative statement shall accompany the lists of proposed units, describing in detail the content and method of maintenance of all forms and other records which are designed for use in compiling the con-

tinuous property record, to the end that a ready analysis with respect to the sufficiency thereof may be made.

(c) The record shall be arranged in conformity with the operated plant accounts prescribed in this system of accounts. It shall be compiled on basis of original cost and shall contain such detailed description and classification of the property unit as will permit of ready verification.*†

§ 34.1-99 *Contemplated form of plant statement.* (See Sec. 34.03-9.)

Radiotelegraph Plant

Ac- count No.	Particulars	Operated plant			Plant held for future com- mu- ni- ca- tion use	Total
		In car- rier's service	Leased to others	Leased from others— impro- vements and replace- ments (1200)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
REAL ESTATE						
11	Land	(1)				
12	Land improvements					
13	Drainage, sewerage, gas, and water systems					
14	Buildings					
Total						
FIXED AND LAND STATION AERIAL SYSTEMS AND LINES						
21	Towers and masts			(1)		
22	Antenna systems					
26	Control lines					
27	Power-supply lines					
Total						
FIXED AND LAND STATION TRANSMISSION EQUIPMENT						
31	Electron-tube transmitter equipment					
32	Other transmitter equipment			(1)		
33	Cooling apparatus					
34	Receiver equipment					
36	Power supply and distribution equipment					
40	Control apparatus					
41	Equipment on customers' premises					
Total						
FURNITURE AND OFFICE EQUIPMENT						
51	Furniture and office equipment					
MOBILE STATION EQUIPMENT						
61	Ship station equipment					
69	Other mobile station equipment					
Total						
WORK EQUIPMENT						
71	Vehicles and draft animals					
72	Shop equipment, tools, and implements					
73	Store and warehouse equipment					
Total						
INTANGIBLES						
81	Organization					
82	Franchises					
83	Patent rights					
84	Leaseholds					
89	Other intangibles					
Total						
91	Total classified plant					
Add: Plant acquired—Undistributed charges						
Total						
92	Deduct: Plant sold—Undistributed credits					
Total radiotelegraph plant						

* ¹ ² ³ ⁴ The accounts represented, if appropriate, at the four respective points bearing these symbols shall be numbered, for example, 1011, 1121, 1232, and 1434, respectively.

*†

Prescribed accounts

[NOTE: Number at the right of the decimal point is the account number]

Real Estate

§ 34.11 *Land*. (a) This account shall include the cost of land used in radiotelegraph service. (See also account 84, "Leaseholds.")

(b) When improved land is acquired, the cost shall be fairly apportioned among the land, the land improvements, the drainage, sewerage, gas, and water systems, and the buildings and accounted for accordingly. If the plan of acquisition contemplates the removal of any improvements (including buildings), the total cost of the land and the property to be removed shall be accounted for as the cost of the land, and the amount of salvage recovered from the property removed shall be deducted from the cost of the land.

ITEMS (SEE SEC. 34.03-12)

Assessments for the construction of public improvements. (See also note B to this account.)

Clearing or defending title against claim relating to a period prior to the purchase.

Commissions and fees to brokers, agents, and others.

Condemnation proceedings, including court costs and special counsel fees.

Conveyancer and notarial fees.

Examination and registration of titles.

Relocating property of others in the acquisition of such land.

Taxes assumed on land, applicable to a period prior to the date of acquisition.

Voiding leases to secure possession of land acquired.

NOTE A: When land is acquired in excess of that required for radiotelegraph purposes or is acquired without a definite plan for its use in communication service, its cost shall be charged in account 1610, "Miscellaneous physical property."

NOTE B: Installments of assessments for public improvements, including interest, that are deferred without option to the carrier shall be included in this account, only as they become due and payable. Interest on assessments that are not paid when due shall be included in account 5235, "Other interest charges."*†

§ 34.12 *Land improvements*. This account shall include the cost of improvements made or acquired by the carrier on land used in radiotelegraph service. (See also accounts 11, "Land", 13, "Drainage, sewerage, gas, and water systems", and 14, "Buildings.")

ITEMS (SEE SEC. 34.03-12)

Fences.
Hedges.
Lawns.
Retaining walls. (See also account 14, "Buildings.")
Roads.
Sidewalks.
Swimming pools (outdoor).
Tennis courts.
Yard lighting equipment.

*†

§ 34.13 *Drainage, sewerage, gas, and water systems*. (a) This account shall include the cost of drainage, sewerage, gas, and water systems used in radiotelegraph service. (See also account 11, "Land.")

(b) This account shall include also the cost of shelters used only for housing machinery used in connection with the operation of drainage, sewerage, gas, and water systems.

ITEMS (SEE SEC. 34.03-12)

Basins.
Hydrants.
Machinery used only for the operation of these systems.
Manholes and handholes.
Piping.
Reservoirs.
Tanks—septic, water.
Tiling.
Wells.

NOTE: This account shall not include the cost of piping or equipment located within and serving only one building includable in account 14, "Buildings."*†

§ 34.14 *Buildings*. This account shall include the cost of buildings, not specifically includable in other accounts, used in radiotelegraph service, and the cost of permanent fixtures, machinery, appurtenances, and appliances, installed as parts thereof. (See also account 11, "Land.")

ITEMS (SEE SEC. 34.03-12)

Awnings.
Boilers, furnaces, fixtures, and machinery for heating, lighting, and ventilating.

Cable vaults and conduits constructed as part of the building.

Commissions and fees to brokers, agents, architects, and others.

Door checks and door stops.

Drainage and sewerage, inside piping and equipment. (See also account 13, "Drainage, sewerage, gas, and water systems.")

Electric shielding.
Electric wiring.

Elevators.

Fire-extinguisher systems.

Garages, shops, and stables.

General and other office buildings.

Grading, excavating, and preparing grounds for buildings, including clearing of grounds after construction.

Ground systems (installed with buildings).

Improvements to leased buildings. (See particularly Sec. 34.1-5).

Linoleum and similar floor covering, excluding carpets and rugs.

Motors and generators.

Partitions, including movable.

Piers and foundations for machinery constructed as a permanent part of a building.

Platforms, storage or loading.
Refrigeration systems.

Retaining walls (erected in connection with buildings).

Screens, door and window.

Sheds.

Signs—permanent, attached to buildings.

Sprinkling systems.

Storm doors and windows.

Taxes assumed on buildings, applicable to the period prior to the date of acquisition.

Voiding leases to secure possession of buildings acquired.

Water, steam, and gas pipes.

Window shades and ventilators.

NOTE A: This account shall not include the cost of any equipment, apparatus, or wiring for generating or controlling electricity for operation of the communication system.

NOTE B: The cost of shelters used exclusively for housing, drainage, sewerage, gas, and water systems, tuning coils, power supply equipment, or sleet melting installations shall be included in accounts 13, "Drainage, sewerage, gas, and water systems", 22, "Antenna systems", or account 36, "Power supply and distribution equipment", as appropriate.*†

Fixed and Land Station Aerial Systems and Lines

§ 34.21 *Towers and masts*. This account shall include the cost of towers and masts (including pole-type masts) and other antenna-supporting structures and special fixtures used in radiotelegraph service; also the cost of beacon lights and their accessories.

ITEMS (SEE SEC. 34.03-12)

Anchors.
Bolts, nuts, and braces.
Cost of initial clearing of area prior to construction.

Excavation.

Foundations.

Grading.

Guyss.

Halyards—permanent.

Insulated bases.

Permits and privileges for construction. (See particularly paragraph (c) (6) of Sec. 34.1-3.)

Steel plates and angles.

Topmasts.

Tower or mast ground systems for protection against lightning.

Tower lighting systems.*†

§ 34.22 *Antenna systems*. This account shall include the cost of aerial wire and accessory items comprising the antenna systems used in radiotelegraph service, including the associated ground and counterpoise systems, radio-frequency transmission lines, tuning coils, and sleet melting installations.

ITEMS (SEE SEC. 34.03-12)

Aerial Assemblies or Arrays

Anchors.
Bridle rings and wire.
Insulators and thimbles.
Permits and privileges for construction. (See particularly paragraph (c) (6) of Sec. 34.1-3.)

Spreaders.

Switches.

Transportation brackets.

Wire and cable (aerial).

Ground or Counterpoise Systems

Clamps and rods.
Counterpoise supports.
Insulators and thimbles.
Plates and pipes.
Protectors and arresters.
Tie wires.
Wire and cable (ground).

Radio Frequency Transmission Lines

Anchors.
Boils, nuts, and brackets.
Clearing routes and tree trimming prior to construction.
Guy clamps.
Guy wire or strand.
Harmonic tuning traps.
Insulators.
Lightning arrestors.
Permits and privileges for construction. (See particularly paragraph (c) (6) of Sec. 34.1-3.)
Pins.
Poles.
Wire.

Tuning and Uncoupling Coils

Bases.
Busses.
Coils.
Foundations.
Houses or shelters for coils.
Switches.

Sleet Melting Installations

Cables, conduits, and wires.
Circuit breakers.
Meters.
Panels.
Power boards.
Power-supply cables.
Shelters, housings, and platforms.
Switches.
Transformers.

NOTE A: The cost of ground systems installed with buildings shall be included in account 14, "Buildings."

NOTE B: The cost of loop or rod antennas which are integral with or essentially a part of receivers, field strength measuring sets, automobiles, or other similar devices or vehicles should not be included in this account.*†

§ 34.26 *Control lines.* This account shall include the cost of wire, cable, conduit, pole lines, and associated equipment used in radiotelegraph service for intercommunicating, dispatching, originating, terminating, tie lines to customers' premises, and other control purposes.

ITEMS (SEE SEC. 34.03-12)

Anchors.
Braces and brackets.
Cables.
Clearing routes and tree trimming, except maintenance of previous clearings.
Conduits.
Crossarms.
Ducts.
Field telephone systems.
Guys.
Insulators.
Manholes and handholes.

Permits and privileges for construction. (See particularly paragraph (c) (6) of Sec. 34.1-3.)
Poles.
Protectors and arresters.
Tie wires.
Wire.

NOTE A: The cost of interior wiring shall be included in the account appropriate for the cost of plant with which it is associated.

NOTE B: The amounts of payments made to other persons for extending their lines to the carrier's station or office, when such facilities remain the property of such other persons, and when the amounts paid are not subject to rebate, shall be included in account 89, "Other intangibles."*†

§ 34.27 *Power-supply lines.* (a) This account shall include the cost of wire, cable, conduit, pole lines, and associated equipment used in the transmission of power for the carrier's radiotelegraph service.

(b) This account shall include the cost of lines from the point of connection with the primary source of power to the point of termination in the main power-supply switchboard, fuse panel, or distribution box.

ITEMS (SEE SEC. 34.03-12)

Anchors.
Braces and brackets.
Cable.
Clearing routes and tree trimming, except maintenance of previous clearings.
Conduits.
Crossarms.
Ducts.
Guys.
Insulators.
Lightning arrestors.
Manholes and handholes.
Permits and privileges for construction. (See particularly paragraph (c) (6) of Sec. 34.1-3.)
Poles.
Tie wires.
Wire.

NOTE: The amounts of payments made to other persons for extending their lines to the carrier's station or office, when such facilities remain the property of such other persons, and when the amounts paid are not subject to rebate, shall be included in account 89, "Other intangibles."*†

Fixed and Land Station Transmission Equipment

§ 34.31 *Electron-tube transmitter equipment.* This account shall include the cost of electron-tube transmitters and associated transmitter equipment used in radiotelegraph service. (See accounts 22, "Antenna systems," 26, "Control lines," 36, "Power supply and distribution equipment," and 40, "Control apparatus.")

ITEMS (SEE SEC. 34.03-12)

Air ducts and oil coolers.
Amplifiers—power, audio.
Antenna coupling devices (inside).
Circulating pumps and blowers.
Crystal oscillators.
Electron tubes (see Sec. 34.41-7).
Exciters and drivers.

Filament motor generators.
Meters (permanently installed).
Rectifiers (if a part of the transmitter).
Steel mesh partitions.
Transmitter control panels.
Voltage regulators.

*†

§ 34.32 *Other transmitter equipment.* This account shall include the cost of alternators, spark transmitters, arc transmitters, and other transmitters the cost of which is not includable in account 31, "Electron-tube transmitter equipment," and accessory equipment used exclusively in connection with such transmitters in radiotelegraph service.

ITEMS (SEE SEC. 34.03-12)

Amplifiers.
Coils—induction and saturation.
Compressors.
Condensers.
Converters.
Electron tubes (see Sec. 34.41-7).
Foundations.
Meters (permanently installed).
Motor generators.
Motors.
Oil filtering systems.
Panels.
Pumps.
Resistance grids.
Rheostats.
Steel mesh partitions.
Switchboards.
Switches.
Transformers.
Wiring.

*†

§ 34.33 *Cooling apparatus.* This account shall include the cost of cooling towers and ponds and other apparatus for cooling transmitter and power supply equipment used in radiotelegraph service. (See also account 13, "Drainage, sewerage, gas, and water systems.")

ITEMS (SEE SEC. 34.03-12)

Air ducts.
Blowers.
Brine tanks.
Connecting pipes.
Cooling ponds.
Cooling towers.
Fans.
Meters.
Pumps.
Radiators.
Sumps.
Water storage tanks.

NOTE: The cost of cooling apparatus that forms an integral part of transmitter or power-supply equipment shall be included in accounts 31, "Electron-tube transmitter equipment", 32, "Other transmitter equipment", or 36, "Power supply and distribution equipment", as appropriate.*†

§ 34.34 *Receiver equipment.* This account shall include the cost of receivers and associated receiver equipment used in radiotelegraph service.

ITEMS (SEE SEC. 34.03-12)

Amplifiers.
Control units.
Converters.
Diversity and other equipment racks.
Electron tubes (see Sec. 34.41-7).
Filters.
Meters (permanently installed).
Oscillators.
Resistors.
Switch and control panels.
Tables, pedestals, and other supports (permanently attached).
Tone keyers.
Transformers.
Tuners.

*†

§ 34.36 Power supply and distribution equipment. (a) This account shall include the cost of all power supply and distribution equipment serving as or associated with the prime source of power used in radiotelegraph service.

(b) This account shall include also the cost of power rectifiers or motor generator installations (not forming an integral part of a transmitter) that are provided as a common source of power for a multiplicity of transmitters or other equipment. (See also account 31, "Electron-tube transmitter equipment", and account 32, "Other transmitter equipment".)

(c) This account shall include also the cost of storage battery equipment used in radiotelegraph service for the purpose of supplying main, emergency, or auxiliary power.

ITEMS (SEE SEC. 34.03-12)

Other Than Storage Battery Equipment

Alternators.
Armatures.
Circuit breakers.
Compensators.
Control panels.
Electron tubes (see Sec. 34.41-7).
Fuse panels.
Generators.
Indicators.
Meters.
Motors.
Power factor correction capacitors.
Rectifiers.
Shelters or housing.
Starters.
Switchboards.
Transformers.

Storage Battery Equipment

Batteries.
Battery cases and racks.
Battery room connections.
Charging equipment.
Shelters and housings.
Switching equipment used exclusively for storage batteries.
Tanks and tank insulators.

Note A: The cost of lines leading from the main power switchboard, fuse panels, or distribution boxes to the power-supply lines, shall be included in account 27, "Power-supply lines."

Note B: The cost of dry cells shall be charged to the appropriate operating expense account.*†

§ 34.40 Control apparatus. (a) This account shall include the cost of telephone, telegraph, and other control apparatus, and associated interior wiring, in transmitting and receiving stations and in city or control offices, used for intercommunicating, dispatching, originating, terminating, and other control purposes in radiotelegraph service.

(b) This account shall include also the cost of frequency-measuring installations used for control purposes by the carrier or in the rendition of a commercial frequency-measuring service for others.

(c) This account shall include also the cost of photograph, facsimile, television, and similar equipment, not includable in other accounts, used in radiotelegraph service.

ITEMS (SEE SEC. 34.03-12)

Frequency-Measuring Equipment

Equipment racks.
Filament and plate supply regulators.
Frequency meters.
Frequency standard check equipment.
Frequency standards.
Harmonic generators and amplifiers.
Multivibrator units.
Oscillator units.
Pedestals and foundations.
Radio receivers.
Special rooms designed for frequency measuring.
Synchronous clocks and amplifiers.
Time signal recorders and comparators.

Message Transmitting and Receiving Apparatus

Automatic transmitters.
Desks or tables fitted with apparatus or used as mountings for apparatus.
Error detectors.
Facsimile machines.
Ink recorders and undulators.
Photoradio operating tables, receiving recorders, scanner units, and transmitting and receiving machines.
Printers, keyboard, page, or tape.
Tape pullers and tape perforators.
Time stamps.
Teletypewriters.
Typewriters, traffic.
Water copy wringers or presses.

Message-Conveyor Equipment

Conveyor belts.
Metal chutes.
Pneumatic tubes and associated equipment.

Calling and Order-Dispatching Equipment

Annunciator systems.
Microphone and loud speaker equipment.
Public address equipment.
Registers and call boxes.
Telaautograph equipment.

Terminal equipment

Amplifiers and associated equipment.
Control or switching equipment.
Electron tubes. (See Sec. 34.41-7.)

Filters and filter racks.
Fuse, lamp, and mixer panels.
Microphone equipment.
Modulators.

Mountings for line terminal equipment.
Photoradio facsimile and multiplex terminals.

Radio transmitter frequency control equipment.

Relay test panels.
Tone generating equipment.
Volume indicators.

Monitoring equipment

Loud speakers.
Monitor receivers and recorders.
Multiple pen recorders.

Telephone head sets, hand sets, and breast sets.

Note A: The cost of outside wiring shall be included in account 26, "Control lines."

Note B: The amounts of payments made to other persons for extending their lines (such as pneumatic tube lines) to the carrier's station or office, when such facilities remain the property of such other persons, and when the amounts paid are not subject to rebate, shall be included in account 89, "Other intangibles."

Note C: The cost of equipment installed on customers' premises shall be included in account 41, "Equipment on customers' premises."*†

§ 34.41 Equipment on customer's premises. (a) This account shall include the cost of equipment installed on customers' premises for use in radiotelegraph service.

(b) This account shall be subdivided as follows:

41:01 Printer equipment.
41:02 Call boxes.
41:99 Other equipment.

ITEMS (SEE SEC. 34.03-12)

Call boxes.
Morse sets.
Printer tables.
Printers (keyboard, page or tape).
Telephones.

Note: The cost of outside wiring shall be included in account 26, "Control lines."*†

Furniture and Office Equipment

§ 34.51 Furniture and office equipment. This account shall include the cost of furniture, office equipment, and portable fixtures used in radiotelegraph service in stations, offices, storerooms, shops, and other quarters.

ITEMS (SEE SEC. 34.03-12)

Beds, cots, and couches.
Bins, counters, and shelves.
Bookcases.
Cabinets and filing cases.
Cages, cashiers' (not part of building).
Chairs, carpets, and rugs.
Clocks.
Davenport.
Desks.
Electric heaters.

Equipment in kitchens and in rest, dining, recreation, and medical rooms.
Fans, electric, portable.

Fire-extinguisher equipment, portable.
Floor scrubbing and polishing machines.

Gas and electric fixtures, portable.
Lockers and wardrobes, portable.
Mirrors, portable.
Motion-picture equipment.
Office devices, including addressing, billing, blueprinting, computing, dating, duplicating, mailing, photostat and recording machines, cash registers, check writers, postage-meter machines, typewriters, and similar items.
Pianos and phonographs.
Radio sets.
Racks—magazine, newspaper, umbrella, and clothing.
Refrigerators, portable.
Safes.
Sewing machines.
Signs, portable.
Shoe-shining equipment.
Stoves.
Tables.
Vacuum sweepers.
Water coolers.

NOTE A: The cost of fixtures attached to and constituting a part of buildings shall be charged to account 14, "Buildings."

NOTE B: The cost of traffic typewriters is includable in account 40, "Control apparatus."*†

Mobile Station Equipment

§ 34.61 *Ship station equipment.* (a) This account shall include the cost of equipment used in radiotelegraph service at ship stations.

(b) The records supporting the entries in this account shall be so maintained as to indicate the cost of equipment at each ship station.

ITEMS (SEE SEC. 34.03-12)

Antenna systems.
Control panels.
Electron tubes (see Sec. 34.41-7).
Emergency power supply.
Motor generators.
Receivers.
Transmitters.

*†
§ 34.69 *Other mobile station equipment.* (a) This account shall include the cost of equipment used in radiotelegraph service at mobile stations, other than ship stations.

(b) This account shall be subdivided as follows:

69.01 Aircraft station equipment.
69.02 Equipment at mobile stations other than ship or aircraft.

(c) The records supporting the entries in this account shall be so maintained as to indicate the cost of equipment at each such mobile station.

ITEMS (SEE SEC. 34.03-12)

Antenna systems.
Control panels.
Electron tubes (see Sec. 34.41-7).
Emergency power supply.
Motor generators.
Receivers.
Transmitters.

*†

Work Equipment

§ 34.71 *Vehicles and draft animals.* This account shall include the cost of transportation equipment such as motor-driven and animal-drawn vehicles, animals, harness, and appurtenances, used in radiotelegraph service.

ITEMS (SEE SEC. 34.03-12)

Automobiles and airplanes.
Bicycles and scooter-bikes.
Boats and barges.
Camp wagons.
Draft animals.
Hand trucks and carts.
Harness.
Motor cycles.
Mounted kitchens.
Saddles.
Trailers.
Trucks and tractors (including those equipped with earth-boring machines, pumps, winches, and similar items).
Wagons.

*†

§ 34.72 *Shop equipment, tools and implements.* This account shall include the cost of machinery, instruments, tools, appliances, and implements, located at stations, city offices, or shops, and used in testing, maintaining, and constructing radiotelegraph plant.

ITEMS (SEE SEC. 34.03-12)

Testing and Adjusting Equipment
Crystal testing equipment.
Electron tubes (see Sec. 34.41-7).
Linemen's test sets.
Megger test sets.
Meters.
Oil testing sets.
Oscillographs and oscilloscopes.
Precision gauges.
Relay testers.
Test panels.
Thermocouples.
Vacuum-tube gas-detector.

Portable Tools and Implements

Air compressors, mobile.
Back-filling machines.
Blowers, power.
Compressed-air tools.
Concrete mixers and breakers.
Cranes, mobile.
Derricks, mobile.
Drills and hammers, power.
Earth-boring machines (not part of truck or tractor).
Forges, portable.
Fuse tongs.
Hand tools (see particularly paragraph (c) of Sec. 34.1-1).
Hand trucks, carts, and barrows.
Loaders, power.
Tents and tarpaulins.
Torches.
Trenching machines.

Other Equipment

Air compressors.
Blowers.
Boring mills.

Compressed-air tools.

Cranes.
Derricks.
Electric ovens.
Engines.
Forges.
Gasoline pumps and tanks.
Generators, electric and gas.
Lathes.
Milling machines.
Motors.
Oil filter presses.
Oil pumps and tanks.
Planers.
Power drills.
Power hammers.
Power loaders.
Presses.
Pumps.
Winches.
Wire-measuring machines.

NOTE A: The cost of chairs, desks, tables, and other items of furniture used in shops shall be included in account 51, "Furniture and office equipment."

NOTE B: Tools carried as supplies unissued shall be charged to account 1795, "Material and supplies," and small hand tools shall be charged to account 9020, "Shop, tool, and implement expense—Undistributed."*†

§ 34.73 *Store and warehouse equipment.* This account shall include the cost of equipment and appurtenances in storerooms, warehouses, and material yards used in storing, handling, and packing material and supplies held for use in radiotelegraph service.

ITEMS (SEE SEC. 34.03-12)

Barrows.
Bins, portable.
Cabinets, movable.
Conveyors.
Counters, movable.
Cranes.
Furniture and office equipment (located in storerooms and warehouses defined in note A under this account, as distinguished from furniture and office equipment located at stations and city offices).

Gasoline pumps.
Gasoline tanks.
Hand trucks and carts.
Hoists.
Oil pumps.
Oil tanks.
Shelving, movable.
Tools.
Wire-measuring machines.

NOTE A: The storerooms and warehouses to which this account relates are those serving as general distribution centers for materials and supplies and which normally are not located at stations or city offices.

NOTE B: The cost of fixtures attached to and constituting a part of buildings shall be included in account 14, "Buildings."*†

Intangibles

§ 34.81 *Organization.* This account shall include the cost of organizing and incorporating the carrier.

ITEMS (SEE SEC. 34.03-12)

Cost of obtaining certificates authorizing the carrier to engage in the public communication business.

Fees and expenses of incorporation.
Fees and expenses of mergers or consolidations.

Office expenses incident to organizing the carrier.

NOTE A: This account shall not include any discounts upon securities issued or assumed, costs incident to negotiating loans or selling bonds or other evidences of indebtedness, or expenses in connection with the authorization, issuance, sale, or resale of capital stock.

NOTE B: This account shall not include the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off.

NOTE C: This account shall not include any organization costs of companies retiring as a result of mergers, consolidations, or reorganizations.*†

§ 34.82 *Franchises.* (a) This account shall include the cost of franchises, consents, and certificates, running in perpetuity or for a specified term of more than one year, issued by a national government, a state, or any other political entity.

(b) When any franchise, consent, or certificate expires, is sold, relinquished, or otherwise retired from service, the accounting shall be as provided in account 1520, "Allowance for amortization—Radiotelegraph plant."

(c) This account shall be subdivided as follows:

82:01 Perpetual franchises.
82:02 Limited-term franchises.

ITEMS (SEE SEC. 34.03-12)

Amounts, other than those includable in account 81, "Organization," paid to a national government, a state, or any other political entity as a condition precedent to engaging in communication business, whether or not the right to occupy public property, streets, or highways is obtained in connection therewith. (See particularly paragraph (c) (6) of Sec. 34.1-3.)

Cost of franchises acquired by assignment.

Cost of plant, material, supplies, and equipment given as the initial consideration for franchises.

Electron costs assumed by the carrier for government consent.

NOTE A: The cost of franchises running for one year or less after acquisition shall be charged to account 4460, "Franchise requirements—Dr.", or, if such franchises extend beyond the current calendar year, to account 1899, "Other prepayments," to the extent of its proper portion. Franchises acquired at small cost may be charged to account 4460, irrespective of their term of life.

NOTE B: Franchise taxes payable annually or more frequently shall be charged to account 4932, "Other taxes—Operating."*†

§ 34.83 *Patent rights.* (a) This account shall include the cost of patent rights having a life of more than one year from date of acquisition, acquired for use in connection with the carrier's radiotelegraph operations.

(b) When any patent right expires, is sold, or is otherwise retired from service,

the accounting shall be as provided in account 1520, "Allowance for amortization—Radiotelegraph plant."

ITEMS (SEE SEC. 34.03-12)

Costs incident to defending title.
Fees of patent attorneys and other legal expenses.

Filing and registration fees.

Research and development expenses directly assignable.

NOTE: The cost of patent rights having an estimated service life of one year or less, or acquired at small cost, shall be included in account 4499, "Other general expenses."*†

§ 34.84 *Leaseholds.* (a) This account shall include the cost of leaseholds, easements, and similar rights in land and other property having a term of more than one year.

(b) When any leasehold expires, is sold, or is otherwise retired from service, the accounting shall be as provided in account 1520, "Allowance for amortization—Radiotelegraph plant."

(c) This account shall be subdivided as follows:

84:01 Rights of way.
84:99 Other leaseholds.

ITEMS (SEE SEC. 34.03-12)

Conveyancer and notarial fees.
Relocating property of others.
Special counsel and other fees and expenses incurred in connection with leaseholds.

Taxes assumed on leased property applicable to the period prior to the date of the lease.

NOTE A: The cost of permits to erect poles and to place conduit when the expected period of occupancy under such permits does not exceed the estimated life of the initial plant installed, also the cost of other permits not includable in this account, such as those to place cable and wire on buildings and fences, and the related pay and expenses of employees and other costs incident to acquiring such permits, shall be included in the account appropriate for the cost of the plant constructed. (See particularly paragraph (c) (6) of Sec. 34.1-3.)

NOTE B: Annual or more frequent payments for leaseholds shall be charged to account 4940, "Rent for lease of operated plant," account 4245, "Rent for other facilities," account 4450, "Rent for offices," or account 4455, "Other rents," as appropriate.*†

§ 34.89 *Other intangibles.* (a) This account shall include the cost of assets of an intangible nature not provided for elsewhere, such as the amounts of payments made to other persons for extending their lines to the carrier's station or office, when such facilities remain the property of such other persons, and when the amounts paid are not subject to rebate.

(b) When any intangible item the cost of which is included in this account expires or is otherwise retired from service, the accounting shall be as provided in account 1520, "Allowance for amortization—Radio-telegraph plant."

(c) The records supporting the entries in this account shall be so maintained

that in the reports to this Commission complete information can be furnished with respect to any amounts included herein.*†

Other Plant Accounts

§ 34.91 *Plant Acquired—Undistributed charges.* (a) This account shall be charged temporarily with the acquisition cost of plant acquired by the carrier, under any of the circumstances provided for in Sec. 34.1-2, pending distribution thereof to the appropriate accounts.

(b) Within ninety days from the date of any entry herein recording an acquisition, the carrier shall submit to this Commission a statement indicating the approximate date that clearance is contemplated.*†

§ 34.92 *Plant sold—Undistributed credits.* This account shall be credited temporarily with the selling price of plant, pending distribution thereof to the appropriate accounts. (See particularly paragraph (c) of Sec. 34.1-6.)*†

INCOME AND EARNED SURPLUS ACCOUNTS

Instructions

§ 34.30-1 *Purpose of income accounts.* The income accounts are designed to show for each month and each calendar year the amounts of (1) ordinary income, comprising operating revenues, operating revenue deductions, other communication income, noncommunication income, and deductions from ordinary income, (2) extraordinary income charges and credits, and (3) deductions from net income, comprising taxes on net income and other deductions.*†

§ 34.30-2 *Income from debt-redemption and other funds.* (a) Interest, dividends, and other income derived from funds classified in accounts 1630 to 1659, inclusive, shall be credited to account 5135, "Income from debt-redemption and other funds."

(b) When the income is required by contractual or other provisions to be held in the fund from which the income arises, an amount equal to the income shall be included in the fund to which it is applicable.

(c) When income derived from these funds is required to be retained in the fund and the fund is represented by a reserve, amounts equal to such income shall be charged to account 8310, "Contractual appropriations of earned surplus", or account 8320, "Miscellaneous appropriations of earned surplus", as appropriate, and credited to the appropriate reserve account. (See also accounts 2610, "Contractual reserves", and 2620, "Miscellaneous reserves.")*†

§ 34.30-3 *Rents includable in income accounts.* (a) Rents which the carrier receives from others for operated plant the cost of which is includable in account 1100, "Operated plant leased to others," shall be credited to account 5010, "Income from operated plant leased to others."

NOTE: Rents from operated plant the cost of which is includable in account 1000, "Operated plant in carrier's service," or account 1200, "Improvements and replacements of operated plant leased from others," shall be credited to account 3818, "Revenue from furnishing and servicing stations," or account 3848, "Other leased plant revenue," as appropriate.

(b) All taxes, maintenance, depreciation, amortization, uncollectible rents, or other expenses applicable to plant the income from which is includable in account 5010, "Income from operated plant leased to others," shall be charged to that account by the lessor. When it is necessary to apportion any such amounts between plant owned and used and plant leased to others, the carrier shall be prepared to describe the basis of such apportionment.

(c) Rents paid by the carrier for the exclusive use of substantially complete operating systems or operating units leased from others shall be charged to account 4940, "Rent for lease of operated plant." When taxes, depreciation, amortization, or other expenses applicable to the leased plant are initially accounted for by the lessor, such amounts shall be charged to the appropriate tax, depreciation, amortization, or other accounts by the lessee and credited to account 4940. The lessor shall inform the lessee of the appropriate distribution of such charges.

(d) Taxes, maintenance, depreciation, amortization, and other expenses applicable to leased plant, initially accounted for by the lessee, shall be charged by the lessee to the appropriate tax, maintenance, depreciation, amortization, or other accounts. (See also Sec. 34.1-5.)*†

§ 34.30-4 *Disposition of balances in income accounts.* The net balance of the income account (after deductions provided for in accounts 7010 to 7099, inclusive) shall be transferred to account 8110, "Balance transferred from income accounts," at the end of each calendar year.*†

§ 34.30-5 *Purpose of earned surplus accounts.* The earned surplus accounts are designed to show the changes relating to earned surplus, during each calendar year, resulting from (1) the net amount of profit or loss during the period as reflected in the income accounts, (2) accounting adjustments (usually confined to changes in the stated capital of the corporation or to transactions in its own capital stock) not attributable to income under the provisions of this system of accounts, (3) appropriations of earned surplus for specific purposes, and (4) appropriations for dividends.*†

§ 34.30-6 *Disposition of balances in earned surplus accounts.* The net balance of the earned surplus accounts shall be transferred to account 2699, "Unappropriated earned surplus," at the end of each calendar year.*†

§ 34.30-99 *Contemplated form of income and earned surplus statement.* (See particularly Sec. 34.03-9.)

Income and Earned Surplus Statement		Account No.	Particulars
Account No.	Particulars		
	ORDINARY INCOME—COMMUNICATION		
3000	Operating revenues	\$	
	OPERATING REVENUE DEDUCTIONS		
4000	Operating expenses	\$	
4910	Depreciation		
4915	Amortization—Intangible operated plant		
4920	Amortization of plant acquisition adjustments		
4925	Extraordinary plant losses		
4931	Social security taxes—Operating		
4932	Other taxes—Operating		
4935	Uncollectible revenues		
4940	Rent for lease of operated plant		
4945	Telephone, wire-telegraph, and ocean-cable operating revenue deductions		
4950	Revenue-contract payments		
4999	Other operating revenue deductions		
	OTHER COMMUNICATION INCOME		
5010	Income from operated plant leased to others		
5015	Income from telephone, wire-telegraph, and ocean-cable plant leased to others		
5020	Profit from general services, licenses, and royalties		
5089	Income from foreign operations		
5099	Other communication income		
	Operating income		
	ORDINARY INCOME—NONCOMMUNICATION		
5110	Income from miscellaneous physical property		
5115	Income from merchandising, jobbing, and contracting		
5120	Dividend income		
5125	Interest income		
5135	Income from debt-redemption and other funds		
5140	Gain or loss on foreign currency exchange (if loss, in red)		
5199	Other noncommunication income		
	Gross ordinary income		
	DEDUCTIONS FROM ORDINARY INCOME		
5210	Interest on long-term debt		
5215	Interest on indebtedness to affiliates		
5220	Amortization of debt discount		
5225	Interest charged to construction Cr (red)		
5230	Amortization of debt premium—Cr (red)		
5235	Other interest charges		
	Account No.		
	5240	Taxes assumed on interest	\$
	5245	Amortization of debt expense	
	5250	Miscellaneous taxes	
	5255	Amortization of plant acquisition adjustments	
	5260	Revenue-contract payments	
	5260	Revenue-contract from ordinary income	
			\$
		Net ordinary income	
		EXTRAORDINARY INCOME—CREDITS	
6110	Delayed income credits		
6199	Other extraordinary income credits		
		EXTRAORDINARY INCOME—CHARGES	
6210	Delayed income charges		
6299	Other extraordinary income charges		
		Net income	
		DEDUCTIONS FROM NET INCOME	
7010	Taxes on net income		
7099	Other deductions from net income		
		Net income, transferred to account 8110, "Balance transferred from income accounts"	
		EARNED SURPLUS	
2699	Unappropriated earned surplus (at beginning of year)		
	Add:		
		EARNED SURPLUS—CREDITS	
8110	Balance transferred from income accounts		
8199	Miscellaneous credits to earned surplus		
		Total	
	Deduct:		
		EARNED SURPLUS—CHARGES	
8299	Miscellaneous charges to earned surplus		
	Earned surplus available for reservation or appropriation		
	Deduct:		
		Contractual appropriations of earned surplus	
8310	Earned surplus employed in acquisition of capital stock		
8315	Miscellaneous appropriations of earned surplus		
		Earned surplus available for dividends	

Account No.	Particulars	Deduct:
8399	Dividend appropriations of earned surplus	\$
2699	Unappropriated earned surplus (at end of year)	

*† Prescribed Accounts

[NOTE: Number to the right of the decimal point is the account number]

INCOME ACCOUNTS

Ordinary Income—Communication (See
Particularly Sec. 34.03-8)

§ 34.3000 *Operating revenues.* This account shall include the total operating revenues shown in the operating revenue accounts, derived by the carrier during the accounting period from the furnishing of communication service and services incidental thereto.*†

Operating Revenue Deductions

§ 34.4000 *Operating expenses.* This account shall include the total operating expenses shown in the operating expense accounts, incurred by the carrier during the accounting period for maintenance of its radiotelegraph plant, and for conducting operations, administrative, and general expenses incurred in furnishing radiotelegraph service and services incidental thereto.*†

§ 34.4910 *Depreciation.* (a) This account shall include the amount of depreciation charges applicable to the accounting period for all classes of operated plant owned by the carrier except such depreciation as is chargeable to clearing accounts, to account 1300, "Plant under construction," and to account 5010, "Income from operated plant leased to others." It shall include also the amount of depreciation charges applicable to the accounting period for all classes of operated plant used but not owned by the carrier, as provided in Sec. 34.30-3. (See also Secs. 34.04-1 to 34.04-3, inclusive, and Sec. 34.1-5.)

(b) This account shall be subdivided as follows:

4910:01 Depreciation—Operated plant owned and used.
4910:02 Depreciation—Operated plant leased from others.

(c) The records supporting the entries in this account shall be so maintained as to show the amounts applicable to (1) transmission service for each station and (2) nontransmission service.*†

§ 34.4915 *Amortization—Intangible operated plant.* (a) This account shall include the amount of amortization charges applicable to the accounting period for intangibles (having a terminable life) the cost of which is includable in operated plant accounts 82, "Franchises," 83, "Patent rights," 84, "Leaseholds," and 89, "Other intangibles," except such amortization as is chargeable to account 5010, "Income from operated

plant leased to others." It shall include also the amount of amortization charges applicable to the accounting period for such intangibles used but not owned by the carrier, as provided in Sec. 34.30-3.

(b) The charges to this account shall be such that the cost of each intangible will be amortized, as evenly as may be, over the period of its benefit to the carrier.

(c) This account shall be subdivided as follows:

4915:01 Amortization—Intangibles owned and used.
4915:02 Amortization—Intangibles leased from others.

*† § 34.4920 *Amortization of plant acquisition adjustments.* (a) This account shall be charged or credited, as the case may be, with such amounts as this Commission may authorize or direct to be included in operating revenue deductions under a plan to amortize the amounts in account 1510, "Plant acquisition adjustments."

(b) Amounts recorded in this account shall be credited or charged, as the case may be, to account 1520, "Allowance for amortization—Radiotelegraph plant."*†

§ 34.4925 *Extraordinary plant losses.* (a) This account shall be charged and account 1910, "Extraordinary maintenance, depreciation, and retirements," or account 1515, "Allowance for depreciation—Radiotelegraph plant," as appropriate, shall be credited with the unprovided-for loss in service value of plant retired for causes not factors in depreciation. (See also Sec. 34.04-4.)

(b) The records supporting the entries in this account shall be so maintained as to show the amounts applicable to (1) transmission service for each station and (2) nontransmission service.*†

§ 34.4931 *Social security taxes—Operating.* (a) This account shall include the amounts for which the carrier is liable on its own behalf for taxes imposed under the Social Security Act and similar State statutes that are properly chargeable to radiotelegraph operations.

(b) This account shall be charged and account 2175, "Tax accruals," shall be credited each month with the amount of taxes that are applicable to the month. When it is not possible to determine the exact amount of taxes for the month, the amount shall be estimated and adjustments shall be made as the actual tax levies become known.

NOTE: The amounts of such taxes not applicable to radiotelegraph operations shall be equitably apportioned among the operated plant accounts and account 5250, "Miscellaneous taxes."*†

§ 34.4932 *Other taxes—Operating.* (a) This account shall include, other than taxes on net income and taxes imposed under the Social Security Act and similar State statutes, the amounts of all national, State, municipal, and other taxes that are properly chargeable to

radiotelegraph operations. (See also account 4931, "Social security taxes—Operating," and account 7010, "Taxes on net income.")

(b) This account shall be charged and account 2175, "Tax accruals," shall be credited each month with the amount of taxes that are applicable to the month. When it is not possible to determine the exact amount of taxes for the month, the amount shall be estimated and adjustments shall be made as the actual tax levies become known.

(c) When it is necessary to apportion taxes to radiotelegraph operations, full details as to the methods of and facts considered in the apportionment shall be recorded.

(d) Taxes on plant leased from others, the rent for which is includable in account 4940, "Rent for lease of operated plant," shall be charged to this account by the lessee. Taxes on plant leased to others, the rent from which is includable in account 5010, "Income from operated plant leased to others," when assumed by the lessor, shall be charged to that account by the lessor. (See particularly Sec. 34.30-3.)

(e) The records supporting the entries in this account shall be so maintained as to show the amount of each kind of tax and the basis upon which each charge is made; also the amount of taxes directly assignable to each station and the aggregate amount of taxes not directly assignable.

NOTE A: Taxes assumed by the carrier on interest shall be charged to account 5240, "Taxes assumed on interest."

NOTE B: Taxes on nonoperating property the income from which is includable in account 5110, "Income from miscellaneous physical property," shall be charged to account 5250, "Miscellaneous taxes." Taxes on property the income from which is includable in account 5115, "Income from merchandising, jobbing, and contracting," shall also be charged to account 5250.

NOTE C: Special assessments for the construction of street and other improvements shall be included in the appropriate plant accounts. Special assessments for maintenance thereof and special benefit taxes, such as water taxes, shall be included in the appropriate operating expense accounts.

NOTE D: Discounts allowed for payment of taxes before due shall be treated as reductions of taxes assessed.

NOTE E: The accounting for taxes on plant under construction shall be as provided in subparagraph (7) of paragraph (c) of Sec. 34.1-3.*†

§ 34.4935 *Uncollectible revenues.* (a) This account shall be charged with amounts due from customers and agents for radiotelegraph services rendered which are considered to be uncollectible.

(b) This account may include, in lieu of the amounts of direct charges prescribed in paragraph (a) of this account, monthly charges based upon estimates to make provision for uncollectible revenues due from customers and agents. Such amounts shall be credited to account 1765, "Allowance for uncollectible receivables." There shall be recorded full details as to the methods used and

the facts considered in estimating the amounts so credited.

NOTE: Uncollectible receivables, other than from customers and agents, shall be charged to account 5299, "Other deductions from ordinary income", account 6299, "Other extraordinary income charges," or other appropriate account.*†

§ 34.4940 *Rent for lease of operated plant.* (a) This account shall be charged with the amounts of rents payable for the exclusive possession of operated plant comprising substantially complete operating systems or operating units.

(b) This account shall be credited with the amounts of taxes, depreciation, amortization, and other expenses initially accounted for by the lessor on operated plant the rent for which is chargeable to this account. (See particularly Sec. 34.30-3.)

(c) The records supporting the entries in this account shall be so maintained as to show separately the following items for each station:

(1) Rents.
(2) Items initially accounted for by the lessor:

- (i) Taxes.
- (ii) Depreciation.
- (iii) Amortization.
- (iv) Other expenses.

NOTE A: Rent for lease of ducts, conduit, land, pole lines, circuits, conductors, transmitting and receiving equipment, and similar facilities comprising a part only of a system or unit shall be charged to account 4245, "Rent for other facilities."

NOTE B: Rent for lease of an office or a building shall be charged to account 4243, "Rent for operating offices", account 4450, "Rent for offices", or account 4455, "Other rents", as appropriate.*†

§ 34.4945 *Telephone, wire-telegraph, and ocean-cable operating revenue deductions.* This account shall include the amounts of operating expenses, depreciation, amortization, taxes, uncollectible revenue, and rents incidental to the carrier's telephone, wire-telegraph, and ocean-cable operations. (See also Sec. 34.03-8.) *†

§ 34.4950 *Revenue-contract payments.* This account shall include amounts (authorized or directed by this Commission to be included in operating revenue deductions) that represent payments to common carriers or other persons under the terms of contracts or agreements which provide that such common carriers or other persons shall receive amounts measured by the revenue or traffic of the accounting carrier, although such persons do not participate in the revenue service or transmission of such traffic. (See also Sec. 34.31-3.) *†

§ 34.4999 *Other operating revenue deductions.* This account shall include amounts representing operating revenue deductions that are not includable elsewhere.*†

Other Communication Income

§ 34.5010 *Income from operated plant leased to others.* (a) This account shall

be credited with the amounts of rentals received from operated plant comprising substantially complete operating systems or operating units leased to others where the lessee has exclusive possession.

(b) This account shall be charged with the amounts of taxes, depreciation, amortization, and other expenses initially accounted for by the lessor on operated plant the rental from which is creditable to this account. (See particularly Sec. 34.30-3.)

(c) The records supporting the entries in this account shall be so maintained as to show separately the following items for each station:

- (1) Rentals.
- (2) Items initially accounted for by the lessor:
 - (i) Taxes.
 - (ii) Depreciation.
 - (iii) Amortization.
 - (iv) Other expenses.
- (3) Uncollectible rentals.

*†

§ 34.5015 *Income from telephone, wire-telegraph, and ocean-cable plant leased to others.* This account shall be credited with the amounts of rentals received from telephone, wire-telegraph, and ocean-cable plant comprising complete operating systems or operating unit leased to others where the lessee has exclusive possession.*†

§ 34.5020 *Profit from general services, licenses, and royalties.* (a) This account shall include the amounts of profits realized from services rendered others under a license agreement, a general service contract, or other arrangements providing for the furnishing of general accounting, engineering, financial, legal, patent, and other general services. (See also Sec. 34.41-4 and account 4420, "General services, licenses, and royalties—Cr.")

(b) Minor amounts of profits from such arrangements may be included in account 4420, "General services, licenses, and royalties—Cr." *†

§ 34.5089 *Income from foreign operations.* (a) This account may include the net amount of income of the carrier when the detailed amounts are required to be stated in terms of foreign currency or in a manner at variance with the requirements of this system of accounts.

(b) A separate subaccount with appropriate title shall be maintained for the amount of such income from each foreign country.

(c) The records supporting the entries in this account shall be so maintained that, in the reports to this Commission, a complete analysis of the transactions affecting each station may be shown.

(d) Each carrier that elects to use this account shall advise this Commission of the fact at least sixty days before the effective date of this system of accounts. Changes from this elective procedure to the alternative procedure prescribed for

domestic income, or vice versa, shall not be made thereafter without submitting to this Commission for its consideration and approval notice of the change at least ninety days before the proposed effective date of such change.*†

§ 34.5099 *Other communication income.* This account shall include the amount of communication income not provided for elsewhere.*†

Ordinary Income—Noncommunication

§ 34.5110 *Income from miscellaneous physical property.* (a) This account shall include the amounts received and the expenses incurred in connection with the operation of property the investment in which is includable in account 1610, "Miscellaneous physical property," and the property of others leased by the carrier for other than communication operations.

(b) The expenses shall include every element of cost (except taxes) incurred in such operations, including depreciation, amortization, insurance, assessments against such property for maintenance of public improvements, an equitable portion of administration expenses, uncollectible rentals, and any other costs incident to the operation of miscellaneous physical property.

NOTE: Taxes applicable to miscellaneous physical property and its operation shall be charged to account 5250, "Miscellaneous taxes." *†

§ 34.5115 *Income from merchandising, jobbing, and contracting.* (a) This account shall include the amounts received and the expenses (except taxes) incurred in connection with the sale of merchandise, including any amounts accruing to the carrier on jobbing and contracting work performed by employees.

(b) This account shall be subdivided as follows:

- 5115:01 Income from merchandising, jobbing, and contracting.
- 5115:02 Costs and expenses of merchandising, jobbing, and contracting.

(c) This account shall be further subdivided to show amounts of income from and the costs and expenses of merchandising, jobbing, and contracting with respect to:

- (1) Fixed and land station equipment.
- (2) Ship station equipment.
- (3) Other mobile station equipment.
- (4) Other radio equipment.
- (5) Other merchandising, jobbing, and contracting.

NOTE A: Periodic charges for the use of plant includable in account 1000, "Operated plant in carrier's service" (see particularly the note following account 1100, "Operated plant leased to others"), and for installing, maintaining, inspecting, and servicing such plant, shall be included in account 3818, "Revenue from furnishing and servicing stations."

NOTE B: Taxes applicable to merchandising, jobbing, and contracting shall be charged to account 5250, "Miscellaneous taxes." *†

§ 34.5120 *Dividend income.* This account shall include the amounts of in-

come received from dividends declared on stocks of other persons other than dividends received on securities includable in accounts 1630 to 1659, inclusive.

NOTE A: Dividends on nominally issued and nominally outstanding capital stock shall not be included in these accounts.

NOTE B: No amounts shall be entered in these accounts representing value assigned to stock dividends received by the carrier on stocks of other persons. The proceeds realized from subsequent sale or disposal of the stock received as a dividend, or of the stock with respect to which the dividend was paid, shall be appropriately accounted for, proper credit being given to the investment account for the portion of the book cost assignable to the shares sold or disposed of. Any profit or loss resulting from the transaction shall be credited to account 6199, "Other extraordinary income credits," or charged to account 6299, "Other extraordinary income charges," as appropriate.*†

§ 34.5125 Interest income. (a) This account shall include the amounts of interest income on investments in securities of other persons other than interest on securities includable in accounts 1630 to 1659, inclusive. It shall include interest income on investment advances and on other loans, notes, special deposits, and other interest-bearing assets. (See also Sec. 34.10-7.)

(b) This account shall be subdivided as follows:

5125:01 Interest income on securities.
5125:02 Interest income on investment advances.
5125:99 Other interest income.

NOTE A: Interest on nominally issued and nominally outstanding long-term debt shall not be included in these accounts.

NOTE B: Interest that has accrued shall not be credited to this account unless its payment is reasonably assured.*†

§ 34.5135 Income from debt-redemption and other funds. (a) This account shall include the amounts of income (whether interest or dividends) accrued on cash, securities issued by other persons, or other assets held in accounts 1630 to 1659, inclusive. (See particularly Secs. 34.10-7 and 34.30-2.)

(b) Expenses, losses, and fees payable by the carrier from such funds or income therefrom, and incurred in connection with the operation of the fund, shall be charged to this account.

(c) The records supporting the entries in this account shall be so maintained as to show separately the income from each fund.*†

§ 34.5140 Gain or loss on foreign currency exchange. (a) This account shall be credited or charged, as appropriate, with amounts representing the gain or loss resulting from the actual conversion of United States currency into foreign currency, or vice versa, in accordance with the provisions of paragraph (c) and (d) of Sec. 34.03-16.

(b) The records supporting the entries in this account shall be so maintained as to permit ready analysis of the amount applicable to any transaction.*†

§ 34.5199 Other noncommunication income. This account shall include the

amount of noncommunication income not provided for elsewhere.*†

Deductions From Ordinary Income

§ 34.5210 Interest on long-term debt.

(a) This account shall include the amounts of interest accrued on outstanding long-term debt issued or assumed by the carrier, the liability for which is included in account 2010, "Bonds actually issued", account 2025, "Receivers" and trustees' securities", and account 2039, "Other long-term debt."

(b) The records supporting the entries in this account shall be so maintained as to show the interest accruals on each issue or series of long-term debt.

NOTE: Interest on nominally issued and nominally outstanding long-term debt shall not be included in these accounts.*†

§ 34.5215 Interest on indebtedness to affiliates.

(a) This account shall include the amounts of interest accrued on indebtedness to affiliates included in accounts such as account 2030, "Advances from affiliates", and account 2129, "Other payables to affiliates."

(b) The records supporting the entries in this account shall be so maintained as to show to whom the interest is payable, the nature and amount of the principal obligation, and the rate of interest, under the following subdivisions:

5215:01 Interest on advances.
5215:02 Interest on open accounts.

*†

§ 34.5220 Amortization of debt discount. (a) This account shall include for each accounting period the portion of unamortized debt discount on outstanding long-term debt that is applicable to the period. Such amounts shall be determined in accordance with Sec. 34.10-14.

(b) Amounts charged to this account shall be credited to account 1930, "Unamortized discount on debt."**†

§ 34.5225 Interest charged to construction—Cr. This account shall be credited with amounts charged to account 1300, "Plant under construction", as provided in paragraph (c) (8) of Sec. 34.1-3.*†

§ 34.5230 Amortization of debt premium—Cr. (a) This account shall include for each accounting period the portion of unamortized premium on outstanding long-term debt that is applicable to the period. Such amounts shall be determined in accordance with Sec. 34.10-14.

(b) Amounts credited to this account shall be charged to account 2310, "Unamortized premium on debt."**†

§ 34.5235 Other interest charges. (a) This account shall include the amount of interest charges not provided for elsewhere. Among the items of indebtedness the interest on which is chargeable to this account are (1) assessments for public improvements—past due, (2) claims and judgments, (3) customers' deposits, (4) notes payable on demand

or maturing less than one year from date of issuance, except notes payable to affiliates, (5) open accounts, except with affiliates, and (6) tax assessments—past due.

(b) The records supporting the entries in this account shall be so maintained as to show to whom the interest is payable, the nature and amount of the principal obligation, and the rate of interest.*†

§ 34.5240 Taxes assumed on interest.

This account shall include amounts paid to holders of bonds (or other evidences of indebtedness of the carrier), and amounts paid to governmental agencies in their behalf, with respect to income and other taxes levied against the income from such debt or levied as a tax on ownership of the debt, when such taxes are assumed by the carrier.*†

§ 34.5245 Amortization of debt expense.

(a) This account shall include for each accounting period the portion of unamortized debt expense on outstanding long-term debt that is applicable to the period. Such amounts shall be determined in accordance with Sec. 34.10-14.

(b) Amounts charged to this account shall be credited to account 1920, "Long-term debt expense."

NOTE: The carrier may accelerate the writing off of debt expense by charges to account 6299, "Other extraordinary income charges."**†

§ 34.5250 Miscellaneous taxes. (a) This account shall include the amounts of taxes not provided for elsewhere. Among the items that shall be charged hereto are taxes applicable to miscellaneous physical property and the operation thereof, and taxes applicable to merchandising, jobbing, and contracting.

(b) Amounts charged to this account prior to payment shall be credited to account 2175, "Tax accruals."**†

§ 34.5255 Amortization of plant acquisition adjustments. (a) This account shall be charged or credited, as the case may be, with such amounts as this Commission may authorize or direct to be included in deductions from ordinary income under a plan to amortize amounts in account 1510, "Plant acquisition adjustments."

(b) Amounts recorded in this account shall be credited or charged, as the case may be, to account 1520, "Allowance for amortization—Radiotelegraph plant."**†

§ 34.5260 Revenue-contract payments. This account shall include amounts (authorized or directed by this Commission to be included in deductions from ordinary income) that represent payments to common carriers or other persons under the terms of contracts or agreements which provide that such common carriers or other persons shall receive amounts measured by the revenue or traffic of the accounting carrier, although such persons do not participate in the revenue service or transmission of such traffic. (See also Sec. 34.31-3.)**†

§ 34.5299 Other deductions from ordinary income. This account shall include deductions from ordinary income not provided for elsewhere. Among the items that shall be charged hereto are contributions for charitable, social, or community-welfare purposes and membership fees and dues in associations other than those of the carrier itself in associations of communication carriers and of employees in professional organizations; also amounts of depreciation and amortization on radiotelegraph plant other than operated plant. (See also Sec. 34.03-7.) *†

Extraordinary Income—Credits

§ 34.6110 Delayed income credits. This account shall include the amount of extraordinary and nonrecurring delayed items, as provided in Sec. 34.03-13.*†

§ 34.6199 Other extraordinary income credits. This account shall include the amount of extraordinary income credits not provided for elsewhere.

ITEMS (SEE SEC. 34.03-12)

Forfeitures of amounts deposited with the carrier under options for the sale or lease of property.

Profits derived from the sale of property the cost of which is includable in account 1610, "Miscellaneous physical property."

Profits derived from the sale of reacquired securities other than capital stock.

Profits derived from the sale of securities of other persons.

Profits from the sale of plant. (See also Sec. 34.1-6.)

Unclaimed customers' deposits.

Unclaimed wages and dividends written off.

*†

Extraordinary Income—Charges

§ 34.6210 Delayed income charges. This account shall include the amount of extraordinary and nonrecurring delayed items, as provided in Sec. 34.03-13.*†

§ 34.6299 Other extraordinary income charges. This account shall include the amount of extraordinary income charges that are not includable in account 6210, "Delayed income charges."

ITEMS (SEE SEC. 34.03-12)

Amounts charged to corporate income to provide for the extinguishment of amounts includable in account 81, "Organization."

Amounts charged to income in recognition of decline in value of current assets and securities owned. (See also Secs. 34.10-2 and 34.10-7.)

Capital stock expense written off. (See also paragraph (e) of Sec. 34.10-13.)

Forfeitures of amounts deposited by the carrier under options for the purchase or lease of property.

Inventory, appraisal, and other costs incident to the acquisition, sale, or lease

of property when the projects are abandoned.

Long-term debt expense written off. (See also paragraph (e) of Sec. 34.10-14.)

Losses of funds due to bank failures.

Losses on the sale of plant. (See also Sec. 34.1-6.)

Losses resulting from the sale, destruction, or retirement of property the cost of which is includable in account 1610, "Miscellaneous physical property."

Losses resulting from the sale of reacquired securities other than capital stock.

Losses resulting from the sale of securities of other persons.

*†

Deductions From Net Income

§ 34.7010 Taxes on net income. (a) This account shall include the amount of national, State, and local government taxes on taxable net income including additional assessments of such taxes.

(b) The records supporting the entries in this account shall be so maintained as to show the amounts included herein with respect to each taxing authority.*†

§ 34.7099 Other deductions from net income. This account shall include the amount of deductions from net income not provided for elsewhere.*†

EARNED SURPLUS ACCOUNTS

Earned Surplus—Credits

§ 34.8110 Balance transferred from income accounts. This account shall include the net balance transferred from the income accounts for the current year. (See particularly Sec. 34.30-4.) *†

§ 34.8199 Miscellaneous credits to earned surplus. (a) This account shall include the amount of credits affecting earned surplus not provided for elsewhere. Among the items that shall be credited hereto are increments from the reacquisition and resale of the carrier's capital stock. (See also Sec. 34.10-13.)

(b) The records supporting the entries in this account shall be so maintained that an analysis thereof may be shown in the reports to this Commission.*†

Earned Surplus—Charges

§ 34.8299 Miscellaneous charges to earned surplus. (a) This account shall include the amount of charges affecting earned surplus not provided for elsewhere. Among the items that shall be charged hereto are discount on capital stock written off and losses from the reacquisition and resale of the carrier's capital stock. (See also Sec. 34.10-13 and account 2415, "Capital stock reacquired.")

(b) The records supporting the entries in this account shall be so maintained that an analysis thereof may be shown in the reports to this Commission.*†

§ 34.8310 Contractual appropriations of earned surplus. (a) This account shall include the amount of earned surplus reserved in accordance with the terms of mortgages, deeds of trust, orders of courts, contracts, or other agreements.

(b) Amounts charged to this account shall be credited to account 2610, "Contractual reserves."*†

§ 34.8315 Earned surplus employed in reacquisition of capital stock. (a) This account shall be charged and account 2615, "Reserve against impairment of stated capital," shall be credited with the book amount of capital stock reacquired by the carrier and not retired.

(b) Upon resale or retirement of capital stock, this account shall be credited and account 2615, "Reserve against impairment of stated capital," shall be charged with the amounts included herein applicable to such stock.*†

§ 34.8320 Miscellaneous appropriations of earned surplus. (a) This account shall include the amount of reservations of earned surplus not provided for elsewhere.

(b) Amounts charged to this account shall be credited to account 2620, "Miscellaneous reserves."*†

§ 34.8399 Dividend appropriations of earned surplus. (a) This account shall include the amount of earned surplus appropriated for dividends on the actually outstanding capital stock of the carrier.

(b) The records supporting the entries in this account shall be so maintained as to show the amount of dividends declared on each class of capital stock. If dividends are not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.*†

OPERATING REVENUE ACCOUNTS

Instructions

§ 34.31-1 Purpose of operating revenue accounts. The operating revenue accounts are designed to show the carrier's portion of amounts received or receivable for the furnishing of radiotelegraph service. (See also Secs. 34.03-8 and 34.03-17.) *†

§ 34.31-2 Basis of credits to operating revenue accounts. (a) Credits to the operating revenue accounts shall be based upon the actual amounts chargeable for services rendered by the carrier.

NOTE A: Corrections of overcharges, overcollections, and collections on behalf of others previously credited to the operating revenue accounts shall be charged to the account or accounts previously credited.

NOTE B: Authorized refunds and adjustments on account of failures in service shall be charged to account 4230, "Traffic damages."

(b) The appropriate operating revenue accounts shall be credited with:

(1) Amounts charged for installations, for restoration and termination of service, for inside and outside moves, for instrument changes, and for similar service requirements.

(2) Amounts of initial nonrecurring charges for special or auxiliary plant or equipment furnished in rendering service to a customer, except that charges for the cost of such plant or equipment the

ownership of which rests with or will revert to the customer shall be credited to the accounts charged with the cost of such plant or equipment.

(3) Amounts of initial nonrecurring charges for installation of special or auxiliary plant or equipment furnished by a customer.

(4) Amounts of service charges for supplemental or auxiliary equipment furnished in rendering service to a customer.

(5) Amounts collected from users as costs of delivery beyond the free delivery zones adjacent to terminals of the carrier. (See also note C under Sec. 34.31-3.)

(c) A separate subaccount shall be maintained for revenue derived from each circuit used in foreign transmission. (For the purpose of compliance with this instruction, all stations in a single foreign country may be viewed as a single terminus of any particular circuits affording transmission with that country.)*†

§ 34.31-3 *Divisions of operating revenues.* (a) An account shall be maintained with each communication carrier with which traffic settlements are made (separately from the accounts maintained for other transactions with such carriers) and there shall be included in each such account both the amounts of revenues receivable from such carriers for the accounting carrier's participation and the amounts payable to such carriers for participation by others in such transmission. In stating the balance sheet the total of the debit balances remaining in such accounts shall be reported in accounts 1742, "Traffic settlements receivable from affiliates," and 1752, "Traffic settlements receivable," as appropriate, and the total of the credit balances remaining in such accounts shall be reported in accounts 2122, "Traffic settlements payable to affiliates," and 2132, "Traffic settlements payable," as appropriate.

(b) Amounts representing the carrier's portion of revenues receivable from other carriers for participation in the transmission of communication shall be credited to the appropriate revenue accounts and charged to the account maintained in accordance with paragraph (a) of this section.

(c) Amounts payable for participation by others in the transmission of communication shall be excluded from (or if previously credited thereto—charged to) the revenue accounts and credited to the account maintained in accordance with paragraph (a) of this section.

NOTE A: Commissions paid to transportation companies, hotels, service stations, or any person other than employees of the carrier for services rendered in originating and terminating messages or for other commercial communication services shall be charged to account 4270, "Commissions—Dr." Commissions paid to employees in lieu of or in addition to salaries or other compensation for similar services rendered shall be

charged to the operating expense account appropriate for the salaries of such employees.

NOTE B: Commissions received by the carrier for services rendered in originating or terminating messages or for other commercial communication services shall be credited to account 4275, "Commissions—Cr."

NOTE C: Amounts (other than those representing commissions or participation in transmission) payable to common carriers or other persons under the terms of contracts or agreements which provide that such common carriers or other persons shall receive amounts measured by revenues or traffic of the accounting carrier shall be charged to account 4950, "Revenue-contract payments," or account 5260, "Revenue-contract payments," as appropriate. Amounts payable for services performed for the carrier, such as tolls or rental charges, including those collected from users as costs of delivery beyond the free delivery zones adjacent to the terminals of the carrier shall be charged to the appropriate operating expense accounts.*†

§ 34.31-4 *Services furnished without direct charge.* (a) Amounts representing radiotelegraph services furnished to a national government, a state, or political subdivision thereof without direct compensation, in accordance with franchise requirements, shall be charged to account 4460, "Franchise requirements—Dr.", and credited to account 4465, "Franchise requirements—Cr."

(b) Records shall be maintained to show amounts representing any other radiotelegraph services carried on especially for the needs of a specific service of general interest and not open to public correspondence and for which no direct compensation is received.*†

§ 34.31-99 *Contemplated form of operating revenue statement.* (See Sec. 34.03-9.)

Operating Revenues

Account No.	Particulars	Domestic		Foreign		Marine	Other revenues	Total
		Continental	Insular	Foreign-service classification	Domestic-service classification			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Continental Fixed Radiotelegraph Revenues:							
3113	Fixed message revenue—Continental	\$	\$	\$	\$	\$	\$	\$
3213	Insular Fixed Radiotelegraph Revenues:							
	Fixed message revenue—Continental transmission							
3214	Fixed message revenue—Insular transmission							
	Total							
	Foreign Fixed Radiotelegraph Revenues—Foreign-service classification:							
3313	Fixed message revenue—Continental transmission							
3315	Fixed message revenue—Foreign transmission							
	Total							
	Foreign Fixed Radiotelegraph Revenues—Domestic-service classification:							
3413	Fixed message revenue—Continental transmission							
3416	Fixed message revenue—Foreign transmission							
	Total							
	Marine Radiotelegraph Revenues:							
3513	Marine message revenue—Continental transmission							
3517:1	Marine message revenue—Land station transmission							
3517:2	Marine message revenue—Ship station transmission							
	Total							
	Other Radiotelegraph Transmission Revenues:							
3618	Mobile (other than marine) message revenues							
3628	Facsimile or photogram service revenues							
3638	Broadcast-program service revenues							
3648	Telephone service revenues							
3698	Miscellaneous transmission revenues							
	Total							
	Total Transmission Revenue							
3709	Foreign exchange—Revenue differential							
	Total—after adjustment							
	Nontransmission revenues:							
3818	Revenue from furnishing and servicing stations							
3828	Frequency-measuring revenue							
3838	Code-registration revenue							
3848	Other leased plant revenue							
3858	Errand-service revenue							
3898	Other nontransmission revenue							
	Total nontransmission revenues							

Operating Revenues—Continued

Ac- count No.	Particulars	Domestic		Foreign		Marine	Other revenues	Total
		Contin- ental	Insular	Foreign- service classifi- cation	Domes- tic-service classifi- cation			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
3918	Other Telecommunication Revenues: Telephone revenue—Telephone systems.							
3928	Wire-telegraph and ocean-cable revenue—Wire systems.							
	Total other telecommunication revenues.							
	Total, this page.							
	Total, preceding page.							
	Total operating revenues.							

[†]Amount transferred to account 3000, "Operating revenues."

Prescribed Accounts

[Note: Number to the right of the decimal point is the account number]

Continental Fixed Radiotelegraph Revenues

§ 34.3113 Fixed message revenue—Continental. (a) This account shall include the carrier's portion of revenue from the transmission of continental fixed communication.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services as follows:

(1) General message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the general public, of the following and similar classes of messages:

Full rate messages.
Day letters.
Night letters.

including multiple-address or book messages, and similar services related to the above classes.

(2) Serial service message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the general public, of messages transmitted at rates established to apply when more than one message or section of a message is sent to the original addressee at the same address within a specified period of relatively short duration.

(3) Timed service message revenue. This classification shall include the carrier's portion of revenue from the transmission of messages when the basis of the published tariff rates is the time employed, required, or allowed for such transmission, whether such time is computed on basis of the number of words transmitted converted into equivalent minutes, or on basis of the actual time required for transmission.

(4) Greetings and other flat-rate message revenue. (i) This classification shall include the carrier's portion of revenue from the transmission, at flat or fixed published tariff rates (applicable regardless of distance), of classes of fixed-text messages and messages of sender's composition such as holiday-greeting messages, including multiple-address or book messages and similar services related to these classes.

(ii) Allocations to this classification shall reflect due consideration of the effect of the abnormal traffic existing upon special occasions such as holidays.

(5) Press message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available only to newspapers, press associations, and persons similarly engaged, that are less than the rates for comparable service to the general public or classes of messages restricted as to text.

(6) United States government message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the United States government, or any department or agency thereof, of classes of official messages such as the following:

Government full rate messages.
Government day letters.
Government night letters.
Government weather bureau messages.

(7) Other governments message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to governments other than the United States, that are less than the rates for comparable service to the general public, of classes of messages similar to those listed under classification (6), immediately preceding, relating to United States government message revenue.

(99) Other radiotelegraph revenue. This classification shall include the carrier's portion of revenue from the trans-

mission includable in this account and not provided for elsewhere.*†

Insular Fixed Radiotelegraph Revenues

§ 34.3213 Fixed message revenue—Continental transmission. (a) This account shall include the carrier's portion of revenue from the continental transmission of insular fixed communication.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services as follows:

(1) General message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the general public, of the following and similar classes of messages:

Urgent messages.
Urgent CDE messages.
Ordinary messages.
Ordinary CDE messages.
Letter (DLT and NLT) messages.
Deferred (LC) messages.
Radiomail.

including multiple-address or book messages and similar services related to the above classes.

(4) Greetings and other flat-rate message revenue. (i) This classification shall include the carrier's portion of revenue from the transmission, at flat or fixed published tariff rates (applicable regardless of distance), of classes of fixed-text messages and messages of sender's composition such as holiday-greeting messages, including multiple-address or book messages, and similar services related to these classes.

(ii) Allocations to this classification shall reflect due consideration of the effect of the abnormal traffic existing upon special occasions such as holidays.

(5) Press message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available only to newspapers, press associations, and persons similarly engaged that are less than the rates for comparable service to the general public, of classes of messages restricted as to text.

(6) United States government message revenue. This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the United States government, or any department or agency thereof, of classes of official messages such as the following:

Government ordinary messages.
Government CDE messages.
Government full rate messages.
Government day letters.
Government night letters.
Government weather bureau messages.

(7) Other governments message revenue. This classification shall include the

carrier's portion of revenue from the transmission, at published tariff rates available to governments other than the United States, that are less than the rates for comparable service to the general public, of classes of messages similar to those listed under classification (6), immediately preceding, relating to United States government message revenue.

(8) *News service revenue.* This classification shall include the carrier's portion of revenue from the transmission of news disseminated by the carrier to its subscribers.

(99) *Other radiotelegraph revenue.* This classification shall include the carrier's portion of revenue from transmission includable in this account and not provided for elsewhere.*†

§ 34.3214 *Fixed message revenue—Insular transmission.* (a) This account shall include the carrier's portion of revenues from the insular transmission of insular fixed communication.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3213.*†

Foreign Fixed Radiotelegraph Revenues—Foreign-service Classification

§ 34.3313 *Fixed message revenue—Continental transmission.* (a) This account shall include the carrier's portion of revenue from the continental transmission of foreign fixed communication involving effective service classifications differing in general from those applicable to revenue messages transmitted wholly within the continental United States.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3213.*†

§ 34.3315 *Fixed message revenue—Foreign transmission.* (a) This account shall include the carrier's portion of revenue from the foreign transmission of foreign fixed communication involving effective service classifications differing in general from those applicable to revenue messages transmitted wholly within the continental United States.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3213.

NOTE: Paragraph (b) is not applicable to revenues from wholly foreign transmission.*†

Foreign Fixed Radiotelegraph Revenues—Domestic-service Classification

§ 34.3413 *Fixed message revenue—Continental transmission.* (a) This account shall include the carrier's portion

of revenue from the continental transmission of foreign fixed communication involving effective service classifications also applicable to revenue messages transmitted wholly within the continental United States.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3113.*†

§ 34.3416 *Fixed message revenue—Foreign transmission.* (a) This account shall include the carrier's portion of revenue from the foreign transmission of foreign fixed communication involving effective service classifications also applicable to revenue messages transmitted wholly within the continental United States.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3113.*†

Marine Radiotelegraph Revenues

§ 34.3513 *Marine message revenue—Continental transmission.* (a) This account shall include the carrier's portion of revenue from the continental transmission of marine communication.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services as follows:

(1) *General message revenue.* This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the general public, of the following and similar classes of messages:

- Urgent messages.
- Urgent CDE messages.
- Ordinary messages.
- Ordinary CDE messages.
- Night radiotelegrams (NRT).
- Sea letter telegrams (SLT).
- Short cruise radiotelegrams.
- Harbor radiotelegrams.

including multiple-address or book messages and similar services related to the above classes.

(4) *Greetings and other flat-rate message revenue.* (i) This classification shall include the carrier's portion of revenue from the transmission, at flat or fixed published tariff rates (applicable regardless of distance), of classes of fixed-text messages and messages of sender's composition such as holiday-greeting messages, including multiple-address or book messages and similar services related to these classes.

(ii) Allocations to this classification shall reflect due consideration of the effect of the abnormal traffic existing upon special occasions such as holidays.

(5) *Press message revenue.* This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available only to newspapers, press associations, and persons similarly engaged, that are less than the rates for comparable service to the general public, of classes of messages restricted as to text.

(6) *United States government message revenue.* This classification shall include the carrier's portion of revenue from the transmission, at published tariff rates available to the United States government, or any department or agency thereof, of classes of official messages such as the following:

Government ordinary messages.

Government ordinary CDE messages.

Government weather bureau messages.

(8) *News service revenue.* This classification shall include the carrier's portion of revenue from the transmission of news disseminated by the carrier to its subscribers.

(99) *Other radiotelegraph revenue.* This classification shall include the carrier's portion of revenue from transmission includable in this account and not provided for elsewhere.*†

§ 34.3517:1 *Marine message revenue—Land station transmission.* (a) This account shall include the carrier's portion of revenue from the land station transmission of marine communication.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3513.*†

§ 34.3517:2 *Marine message revenue—Ship station transmission.* (a) This account shall include the carrier's portion of revenue from the ship station transmission of marine communication.

(b) A memorandum record supporting the entries in this account shall be prepared by Class A carriers on a monthly basis from statistical records of revenues derived from the several classifications of services listed under paragraph (b) of account 3513.*†

Other Radiotelegraph Transmission Revenues

§ 34.3618 *Mobile (other than marine) message revenues.* This account shall include the carrier's portion of revenue from the mobile transmission (other than marine) of all classes of messages.

NOTE: The revenue derived from transmission between ship stations and other mobile stations shall be included in account 3517:2, "Marine message revenue—Ship station transmission."*†

§ 34.3628 *Facsimile or photograph service revenues.* This account shall include the carrier's portion of revenue from the transmission of any matter involving the use of facsimile or other reproducing equipment.*†

§ 34.3638 Broadcast-program service revenues. This account shall include the carrier's portion of revenue from the furnishing of services or facilities utilized in (1) broadcast-program transmission and (2) activities incidentally associated therewith.*†

§ 34.3648 Telephone service revenues. This account shall include the carrier's portion of revenue from telephone operations when such operations involve the use of plant primarily devoted to radiotelegraph service. (See also Sec. 34.03-8 and account 3918, "Telephone revenue—Telephone systems.") *†

§ 34.3698 Miscellaneous transmission revenues. This account shall include the carrier's portion of revenue from transmission services not provided for elsewhere.*†

Foreign Exchange Adjustment

§ 34.3709 Foreign exchange—Revenue differential. (a) This account shall include amounts representing the revenue differential determined in accordance with the provisions of Sec. 34.03-16.

(b) A separate subaccount with appropriate title shall be maintained for amounts applicable to each of the following general classes of revenues:

- 3709:01 Foreign fixed—Foreign-service classification.
- 3709:02 Foreign fixed—Domestic-service classification.
- 3709:03 Marine.
- 3709:04 Mobile (other than marine) and other transmission.

*†

Nontransmission Revenues

§ 34.3818 Revenue from furnishing and servicing stations. (a) This account shall include the carrier's portion of periodic charges for equipment furnished radiotelegraph stations and revenue from installing, maintaining, inspecting, and servicing equipment, auditing and adjusting traffic accounts, and other similar services not connected with the transmission of messages or with merchandising, jobbing, or contract work rendered to radiotelegraph stations.

(b) This account shall be subdivided as follows:

- 3818:01 Fixed and land stations.
- 3818:02 Ship stations.
- 3818:03 Other mobile stations.

(c) The records supporting the entries in this account shall be so maintained as to show separately the amounts applicable to the following sources of revenue:

- (1) Installation subsequent to initial installation.
- (2) Servicing.
- (3) Rentals.
- (4) Clerical and administrative services.
- (5) General service agreements, not specifying the amounts applicable to the foregoing sources.

NOTE: Rental from plant comprising complete operating systems or operating units where the lessee has exclusive possession shall be included in account 5010, "Income from operated plant leased to others." (See also Sec. 34.30-3.) *†

§ 34.3828 Frequency-measuring revenue. This account shall include the carrier's portion of revenue from measuring and checking frequencies, adjusting control equipment, and calibrating frequency-measuring equipment for broadcast, police, commercial, and other radio stations.*†

§ 34.3838 Code-registration revenue. This account shall include the carrier's portion of revenue from the registration of code names, titles, symbols, and addresses, and other similar code-registration services.*†

§ 34.3848 Other leased plant revenue. This account shall include the carrier's portion of revenue from the use by others of leased operated plant not provided for elsewhere. (See also Sec. 34.30-3 and account 3818, "Revenue from furnishing and servicing stations.") *†

§ 34.3858 Errand-service revenue. This account shall include the carrier's portion of revenue from the utilization of messengers in services not connected with the transmission of messages.*†

§ 34.3898 Other nontransmission revenue. This account shall include the carrier's portion of revenue from nontransmission services not provided for elsewhere.*†

Other Telecommunication Revenues

§ 34.3918 Telephone revenue—Telephone systems. This account shall include the carrier's revenue from the operation of telephone systems as provided in Sec. 34.03-8. (See also account 3648, "Telephone service revenues.") *†

§ 34.3928 Wire-telegraph and ocean-cable revenue—Wire systems. This account shall include the carrier's revenue from the operation of wire-telegraph and ocean-cable systems as provided in Sec. 34.03-8.*†

OPERATING EXPENSE ACCOUNTS

Instructions

§ 34.41-1 Purpose of operating expense accounts. The operating expense accounts are designed to show the expenses of maintaining and operating radiotelegraph plant and the other expenses incurred in providing radiotelegraph service. (See also Secs. 34.03-8 and 34.03-17.) *†

§ 34.41-2 Operating expenses applicable to leased plant. Operating expenses applicable to leased plant shall be charged by the lessee to the appropriate operating expense accounts, as provided in paragraphs (c) and (d) of Sec. 34.30-3.*†

§ 34.41-3 Direct allocation of operating expenses to stations and city offices. The records supporting the entries in the

operating expense accounts shall be so maintained as to show the amounts of expenses directly applicable to:

Each fixed station.

Each land station.

Each city office.

Ship stations (collectively).

Other mobile stations (collectively).

*†

§ 34.41-4 Expenses of holding or servicing departments. The records supporting such portions of the charges to each operating expense or other account as are incurred or recorded by departments performing holding company activities or furnishing services (other than radiotelegraph services performed at published tariff rates) to other carriers or affiliates under license agreements, general service contracts, or other arrangements providing for the furnishing of general accounting, engineering, financial, legal, patent, or other general services, shall be so maintained that the carrier can report separately the amount of charges included therein applicable to each such carrier or affiliate.*†

§ 34.41-5 Maintenance expenses.

(a) The cost of maintenance chargeable to the various operating expense accounts and to clearing accounts includes labor, materials, overhead, and other expenses incurred in maintenance work, such as:

(1) Inspecting, testing, and reporting on the condition of plant to determine the need for repairs, replacements, and rearrangements.

(2) Replacing minor items of operated plant, except when such items are replaced through the replacement of retirement units. (See also Sec. 34.1-6.)

(3) Rearranging and changing the location of plant not retired.

(4) Repairing materials for reuse. (See also account 1795, "Material and supplies".)

(5) Restoring the condition of plant damaged by storm, flood, fire, accident, or other casualty. (See also account 2215, "Provisions for self-carried insurance".)

(6) Restoring the condition of plant damaged by wear and tear, decay, or action of the elements.

(7) Training employees for maintenance work. (See also account 4475, "Training employees".)

(8) Inspecting and testing after repairs have been made.

(9) Portion of local plant supervision attributable to maintenance.

(10) Cost of transportation, shop and store expenses, and use of tools and implements.

(11) Cost of installations, equipment changes, and similar services, for which the carrier is reimbursed in whole or in part, or for which a charge is made by the carrier.

(12) Routine work to prevent service interruptions and to obtain the highest possible service efficiency from the operated plant performed by such employees as maintenance engineers, maintenance men, repair men, and their helpers, and by other employees whose duties include the full time or part time performance of analogous maintenance functions.

(b) The cost of maintenance does not include the cost of replacing items of plant designated as "retirement units." (See also Sec. 34. 1-6-1.)

(c) The records supporting the entries in these accounts shall be so maintained that in the reports to this Commission the maintenance expenses may be shown separately for (1) plant owned and operated by the carrier and (2) plant leased from others. When it is necessary to apportion the maintenance expenses between plant owned and used and plant leased, the carrier shall be prepared to describe the basis of such apportionment.

NOTE: Expenses incurred on account of property of others damaged in connection with maintenance work (except for the cost of incidentally repairing the property of others in the course of such work) shall be included in account 4430, "Injuries and damages."*†

§ 34.41-6 *Conducting-operations expenses.* The expenses of conducting radiotelegraph operations shall be charged to the appropriate accounts during the month when such expenses are incurred. When it is impracticable to determine the amount of expenses applicable to a particular account, the amount shall be entered in an appropriate clearing account and the portion considered applicable to conducting operations shall be cleared as at the end of the month by transfer to the appropriate account. (See also Sec. 34.03-17.)*†

§ 34.41-7 *Accounting for electron tubes.* (a) When electron tubes are placed into service, the account that includes the cost of the plant with which the electron tubes are associated shall be charged with the cost of the tubes.

(b) When electron tubes are replaced, without retirement and replacement of any unit of plant of which such tubes form a part, the cost of the new tubes shall be charged to accounts 4132, "Electron-tube replacements," or 4135, "Maintenance of mobile station equipment," as appropriate. Electron tubes shall be considered as minor items for retirement purposes. (See also Sec. 34.03-15.)

(c) If electron tubes are repaired, the cost of such repairs shall be charged to account 4125, "Maintenance of fixed and land station transmission equipment," or account 4135, "Maintenance of mobile station equipment," as appropriate.*†

§ 34.41-99 *Contemplated form of operating expense statement.* (See Sec. 34.03-9.)

Operating Expenses		
MAINTENANCE EXPENSES		
Ac- count No. (1)	Particulars (2)	Amount (3)
4110	Supervision of maintenance.	\$
4115	Maintenance of real estate.	
4120	Maintenance of fixed and land station aerial systems and lines.	
4125	Maintenance of fixed and land station transmission equipment.	
4130	Maintenance of furniture and office equipment.	
4132	Electron-tube replacements.	
4135	Maintenance of mobile station equipment.	
4198	Maintenance-expense equalization.	
4199	Other maintenance expenses.	
	Total maintenance expenses.	
CONDUCTING-OPERATIONS EXPENSES		
4210	Supervision of operations.	\$
4215	Operators' wages.	
4216	Wages of station attendants.	
4222	Wages of operating-office clerks.	
4225	Operating power.	
4230	Traffic damages.	
4235	Traffic-damage expense.	
4240	Telephone service—Message transmission.	
4243	Rent for operating offices.	
4245	Rent for other facilities.	
4250	Advertising.	
4255	Soliciting.	
4260	Obtaining stock and commercial news.	
4270	Commissions—Dr.	
4275	Commissions—Cr.	
4281	Messengers' wages.	
4283	Messengers' uniform expense.	
4289	Other messenger service expense.	
4290	Other employees' wages.	
4295	Supplies—Operating offices.	
4299	Other conducting-operations expenses.	
	Total conducting-operations expenses.	
ADMINISTRATIVE EXPENSES		
4310	Salaries of general officers and executives.	\$
4315	Expenses of general officers and executives.	
4320	Salaries of general office employees.	
4325	Expenses of general office employees.	
4399	Other administrative expenses.	
	Total administrative expenses.	
GENERAL EXPENSES		
4410	Legal services.	\$
4415	General services, licenses, and royalties—Dr.	
4420	General services, licenses, and royalties—Cr.	
4425	Insurance.	
4430	Injuries and damages.	
4435	Relief and pensions.	
4445	Rest and lunch room expenses.	
4450	Rent for offices.	
4455	Other rents.	
4460	Franchise requirements—Dr.	
4465	Franchise requirements—Cr.	
4470	Supplies.	
4475	Training employees.	
4480	House service.	
4499	Other general expenses.	
	Total general expenses.	
4208	Total operating expenses.	
	Foreign exchange—Expense differential.	
	Total operating expenses including adjustment of foreign expense differential.	1.

* Amount transferred to account 4000, "Operating expenses."

*†

Prescribed Accounts

[NOTE: Number to the right of the decimal point is the account number]

Maintenance Expenses

§ 34.4110 *Supervision of maintenance.*

(a) This account shall include the salaries and the office and other expenses of officers, superintendents, engineers, architects, special consultants, and field supervisors engaged exclusively in supervising or directing maintenance work; also similar expenses of the office and field forces of such supervisory personnel, including assistants, clerks, stenographers, and other immediate subordinates.

(b) This account shall include the amounts of expenses applicable to maintenance that are transferred from the clearing accounts. (See also Sec. 34.90-2.)

(c) This account shall be subdivided as follows:

4110:01 Salaries and wages.
4110:99 Other expenses.

ITEMS (SEE SEC. 34.03-12)

Automobile service, including charges through clearing account 9015, "Vehicle expense—Undistributed."

Meals, including payments therefor on account of overtime work.

Postage, printing, and stationery.
Salaries and wages.
Supplies.
Travel expenses.

*†

§ 34.4115 *Maintenance of real estate.*

(a) This account shall include the amount of expenses incurred in maintaining plant the cost of which is includable in the accounts provided for real estate (accounts 11 to 14, inclusive) and similar operated plant leased from others.

(b) This account shall be subdivided as follows:

4115:01 Salaries and wages.
4115:02 Materials and supplies.
4115:99 Other expenses.

ITEMS (SEE PARTICULARLY SECS. 34.03-12 AND 34.41-5)

Land

Maintaining public improvements, including assessments covering such work.

Maintaining soil conservation (anti-erosion) methods and devices.

Minor improvements to land.

Restoring the condition of land damaged in the course of repairs, replacements, additions, or betterments.

Restoring the grade and similar repairs occasioned by floods and other action of the elements.

Land Improvements

Maintaining fences and retaining walls.

Maintaining fountains, pools, and ponds.

Maintaining hedges, shrubbery, and trees.

Maintaining lawns, flower plots, and ornamental plants.

Maintaining non-permanently-surfaced paths, walks, or other passage-ways.

Maintaining ornamental terraces and statuary.

Maintaining roads and sidewalks.

Maintaining tennis courts, outdoor swimming pools, or other recreational equipment on company owned (or maintained) grounds when primarily for the use of company employees.

Maintaining yard lighting equipment.

Maintaining yards and grounds.

Drainage, Sewerage, Gas, and Water Systems

Flushing.

Inspecting.

Minor improvements and rearrange-ments.

Repairing structures, machinery, pipe lines, reservoirs, and similar items.

Restoring condition of drainage, sewerage, gas, and water systems damaged in the course of repairs, replacements, additions, or betterments.

Buildings

Changing location of partitions. (See also Notes D and E to this account.)

Minor alterations to buildings and quarters. (See also Note F to this account.)

Repainting and repapering buildings, including redecorating interiors of build-ings.

Repairing building machinery, fixtures, appurtenances, and appliances, such as elevators, plumbing, and equipment for heating, lighting, and ventilating.

Repairing rented buildings and quar-ters, except when the rented property is used in operations the expense of which is chargeable to other accounts. (See also section 34.1-5.)

Replacing and repairing awnings, screens, window shades and ventilators, storm doors, storm windows, movable partitions, and similar movable minor items of buildings. (See also Note E to this account.)

Restoring condition of buildings damaged in the course of repairs, replace-ments, or additions. (See also Note F to this account.)

NOTE A: The cost of initial improvements in the preparation for service of either leased or purchased land; land improvements; drainage, sewerage, gas, and water systems; and buildings shall be charged to the appropriate operated plant account, except when such improvements are of relatively minor cost or short life or the period of the lease is less than one year. (See also sections 34.1-1, 34.1-2, and 34.1-5.)

NOTE B: The cost of maintenance of land; land improvements; drainage, sewerage, gas, and water systems; and buildings, the in-vestment in which is includable in account 1610, "Miscellaneous physical property", shall be charged to account 5110, "Income from miscellaneous physical property."

NOTE C: The cost of maintenance of land used for right-of-way shall be charged to

account 4120, "Maintenance of fixed and land station aerial systems and lines."

NOTE D: Any substantial increase or de-crease in partitions resulting from such changes therein shall be accounted for as additions or retirements, as appropriate.

NOTE E: When partitions of a movable type are replaced by partitions of a permanent type or vice versa, the costs involved shall be accounted for through the plant and depre-ciation allowance accounts.

NOTE F: The cost of minor building altera-tions incident to the installation of equipment, such as opening and closing holes in ceilings, partitions, walls, and floors to permit installation of equipment, power con-duit and wiring, shall be charged to the account appropriate for the class of equipment installed.*†

§ 34.4120 *Maintenance of fixed and land station aerial systems and lines.* (a) This account shall include the amount of expenses incurred in maintaining (1) plant the cost of which is includable in accounts provided for fixed and land sta-tion aerial systems and lines (accounts 21 to 27, inclusive), (2) similar operated plant leased from others, and (3) the right of way therefor.

(b) This account shall be subdivided as follows:

- 4120:01 Salaries and wages.
- 4120:02 Materials and supplies.
- 4120:99 Other expenses.

ITEMS (SEE PARTICULARLY SECS. 34.03-12 AND 34.41-5)

Cutting out or cutting in slack in wires. Moving plant in connection with road and street changes. (See also section 34.1-6.)

Painting and treating towers, masts, poles, foundations, markers, and similar items subsequent to their installation.

Repairs to tuning coil shelters and sleet-melting equipment.

Relocating poles.

Respacing poles and crossarms.

Right-of-way adjustments, cost of, when no additional rights are acquired.

Straightening poles and crossarms.

Tightening anchors, guys, and other appurtenances and raking guy poles.

Transferring wire in connection with replacement of towers, masts, and poles.

Trenching poles.

Trimming trees, cutting underbrush, and other work to maintain previous clearance of right-of-way.

Work on the property of others in con-nection with maintenance of aerial sys-tems and lines.

*†

§ 34.4125 *Maintenance of fixed and land station transmission equipment.*

(a) This account shall include the amount of expenses incurred in maintaining plant the cost of which is includable in the accounts provided for fixed and land station transmission equipment (accounts 31 to 41, inclusive) and similar operated plant leased from others.

(b) This account shall be subdivided as follows:

- 4125:01 Salaries and wages.
- 4125:02 Materials and supplies.
- 4125:99 Other expenses.

ITEMS (SEE PARTICULARLY SECS. 34.03-12 AND 34.41-5)

Adding acid and water to batteries and reading specific gravity, current drain, and voltage of batteries.

Calibrating thermocouples and other instruments.

Cleaning, lubricating, and adjusting the equipment.

Grinding used crystals for reuse.

Inspecting and testing after repairs have been made.

Refinishing and repairing used equip-ment for reuse.

Relocating and rearranging equip-ment.

Removing sediment from storage bat-teries.

Repairing and adjusting meters.

Repairing electron tubes.

Repairing storage batteries, including replacing of minor items.

Replacing fuses, indicating-lights, and cords.

Servicing message-conveyor equip-ment.

Tools and other individual items of equipment—items of small cost or short life, cost and repairs of.

*†

§ 34.4130 *Maintenance of furniture and office equipment.* (a) This account shall include the amount of expenses incurred in maintaining plant the cost of which is includable in account 51, "Furniture and office equipment," and similar operated plant leased from others.

(b) This account shall be subdivided as follows:

- 4130:01 Salaries and wages.
- 4130:02 Materials and supplies.
- 4130:99 Other expenses.

*†

§ 34.4132 *Electron-tube replacements.* This account shall include the amount of expenses incurred in replacing electron tubes, the initial cost of which is includable in the operated plant accounts provided for fixed and land station transmission equipment. (See also Sec. 34.41-7 and account 4135.) *†

§ 34.4135 *Maintenance of mobile sta-tion equipment.* (a) This account shall include the amount of expenses incurred in maintaining plant the cost of which is includable in the accounts provided for mobile station equipment (accounts 61 to 69, inclusive) and similar operated plant leased from others.

(b) This account shall include also the amount of expenses incurred in replac-ing electron tubes, the initial cost of which is includable in the operated plant accounts provided for mobile station equipment. (See also Sec. 34.41-7.)

(c) This account shall be subdivided as follows:

- 4135:01 Salaries and wages.
- 4135:02 Materials and supplies.
- 4135:99 Other expenses.

ITEMS (SEE PARTICULARLY SECS. 34.03-12
AND 34.41-5)

Lists given under accounts 4125 and 4130 with respect to comparable equipment are applicable to this account.*†

§ 34.4198 *Maintenance-expense equalization.* (a) This account shall be charged with such amounts as this Commission may authorize or direct to be credited to account 2220, "Provisions for equalization of maintenance expenses", under a plan to equalize maintenance expenses.

(b) When maintenance work for which provision has been made in this account is performed, the cost of such work shall be charged to the appropriate maintenance accounts. Concurrently this account shall be credited and account 2220, "Provisions for equalization of maintenance expenses", shall be charged with an amount equal to the cost of such maintenance work.*†

§ 34.4199 *Other maintenance expenses.* (a) This account shall include the amount of maintenance expenses not provided for elsewhere.

(b) This account shall be subdivided as follows:

- 4199:01 Salaries and wages.
- 4199:02 Materials and supplies.
- 4199:99 Other expenses.

*†

Conducting-operations Expenses

§ 34.4210 *Supervision of operations.* This account shall include the salaries of officers, superintendents, engineers, special consultants, and field supervisors engaged exclusively in supervising or directing operations. (See also paragraph (b) of Sec. 34.03-17.)*†

§ 34.4215 *Operators' wages.* This account shall include the salaries and wages of operators (including printer operators) engaged in the transmission of messages; also commissions paid in lieu of or in addition to such salaries or wages.

NOTE: The amount of salaries and wages of traffic employees attending supplemental training or postgraduate operating schools shall be charged to account 4475, "Training employees."*†

§ 34.4216 *Wages of station attendants.* This account shall include the salaries and wages of station attendants, whether designated as attendants, operators, engineers, or electricians, whose principal duties consist of watching and regulating the operation of transmission equipment.*†

§ 34.4222 *Wages of operating-office clerks.* This account shall include the pay of bookkeepers, clerks, and attendants engaged in the receiving and delivering of messages at counters or telephones, quoting rates, collecting charges, keeping accounts, and performing other clerical duties in operating offices.*†

§ 34.4225 *Operating power.* (a) This account shall include the cost of power for transmitting traffic and operating

signals. It shall include the cost of electricity purchased, the cost of fuel and other supplies used, and the expenses incurred in the generation, conversion, and storage of current for operating the carrier's transmission equipment, battery-charging machines, and for other operating power requirements; also the salaries, wages, and expenses of engineers, and other attendants and employees engaged in the generation, conversion, and storage of such current.

(b) This account shall be subdivided as follows:

- 4225:01 Power purchased.
- 4225:02 Power generated.

NOTE A: Payments for installation of permanent power circuits for emergency use shall be charged to the appropriate plant account.

NOTE B: The cost of power used for house service purposes shall be charged to account 9035, "House-service expense—Undistributed," or other account, as appropriate.*†

§ 34.4230 *Traffic damages.* (a) This account shall include the amount of obligations incurred in settlement of damages arising out of claims of delays and errors in service, including amounts of revenues refunded in partial or complete settlement of such claims.

(b) The records supporting the entries in this account shall be so maintained as to show the amounts of settlements made during the accounting period with respect to delayed-delivery, non-delivery, error, and other causes under the following subdivisions:

- 4230:01 Amounts with respect to messages.
- 4230:02 Amounts with respect to money transfers.

(c) There shall be classed as delayed-delivery claims those arising from delays in transmission or delivery; as non-delivery claims, those arising from failure to deliver; as error claims, those arising from error in transmission or delivery, except such as may be classified as delayed-delivery or non-delivery claims; and as other types of claims, those arising from causes not shown above, such as libel, fraud, and similar bases.

NOTE: Payments on account of injuries to persons or damage to property of others shall be charged to account 1300, "Plant under construction," or account 4430, "Injuries and damages," as appropriate.*†

§ 34.4235 *Traffic-damage expense.* This account shall include the amount of expenses incurred in connection with closing claims for traffic damages, including court costs, the pay and expenses of witnesses, and the legal and other expenses or costs incurred in connection with investigating, defending, or settling traffic damage claims.*†

§ 34.4240 *Telephone service—Message transmission.* This account shall include the amount of expenses incurred for telephone service used in the receiving, forwarding, or terminating of radio-telegraph messages. (See also paragraph

(a) of Sec. 34.03-17 and account 4222, "Wages of operating-office clerks.")

NOTE: Amounts of expenses relating to telephone service used primarily for other purposes shall be included in the expense account appropriate to the predominant use of such service (with the option of more detailed distribution).*†

§ 34.4243 *Rent for operating offices.* This account shall include the amount of expenses incurred as rents for space used for operating offices. (See also subparagraph (1) of paragraph (b) of Sec. 34.03-5 and accounts 4245, "Rent for other facilities", 4450, "Rent for offices", and 4940, "Rent for lease of operated plant.")*†

§ 34.4245 *Rent for other facilities.* This account shall include the amount of expenses incurred as rents for the use of facilities other than space or leased plant (comprising substantially complete operating systems or operating units held in exclusive possession by the lessee). It shall include rents for such equipment as ducts, conduit, lands, pole lines, circuits, conductors, and transmitting and receiving equipment. (See also accounts 4243, 4450, and 4940.)*†

§ 34.4250 *Advertising.* This account shall include the amount of expenses incurred in connection with commercial advertising for promoting the further use of radiotelegraph service, such as the cost of newspaper advertisements, literature, and similar expenses.

ITEMS (SEE SEC. 34.03-12)

Announcements of rate changes. (See also note A to this account.)

Commercial advertisements in newspapers and magazines. (See also note A to this account.)

Commercial advertising matter, such as posters, bulletins, booklets, and related items. (See also note A to this account.)

Electric current consumed in illuminating signs.

Exhibits in connection with industrial expositions, expenses of.

Lecture and demonstration tours for traffic promotion purposes.

Managers and their office forces in charge of advertising, expense of.

Radio advertising programs.

Window displays.

NOTE A: The cost of newspaper advertisements, literature, and similar expenses other than for commercial advertising purposes, such as advertisements of stock and bond issues, advertising for employees, and notices of dividends declared, shall be charged to the accounts appropriate for such costs.

NOTE B: The cost of flags, bunting, and similar expenses of decorating buildings shall be charged to account 9035, "House-service expense—Undistributed."*†

§ 34.4255 *Soliciting.* (a) This account shall include the salaries, wages, and expenses of solicitors engaged in canvassing for business and interviewing customers for promoting the further use of radiotelegraph service, and shall include also expenses in connection with furnishing copies of tariffs and notices of changes to the public.

(b) This account shall be subdivided as follows:

4255:01 Salaries and wages of solicitors.
4255:99 Other expenses.

ITEMS (SEE SEC. 34.03-12)

Canvassers and solicitors, pay and expenses of.

Managers and their office forces in charge of solicitors, expenses of.

Public distribution of tariffs and notices of changes—expenses of.

Travel expenses.*†

§ 34.4260 *Obtaining stock and commercial news.* This account shall include the amount of expenses incidental to the gathering of information relative to stock and other market quotations, transactions in securities, sporting news, election returns, marine reports, and similar items subsequently disseminated as stock and commercial news to subscribers.*†

§ 34.4270 *Commissions—Dr.* (a) This account shall include the amount of commissions (including flat-rate payments per metropolitan zone for terminal messenger service) paid to communication carriers, transportation carriers, hotels, service stations, or other persons other than employees, for services rendered in originating and terminating radiotelegraph messages or for similar commercial communication services. (See also Sec. 34.31-3.)

(b) This account shall be subdivided as follows:

4270:01 Commissions paid to communication carriers.
4270:02 Commissions paid to transportation carriers.
4270:03 Commissions paid to other types of public utilities.
4270:99 Commissions paid to others.

*†
§ 34.4275 *Commissions—Cr.* This account shall include the amount of commissions (including flat-rate charges per metropolitan zone for terminal messenger service) received from other carriers for services rendered in originating and terminating messages or for similar commercial communication services. (See also Sec. 34.31-3.)*†

§ 34.4281 *Messengers' wages.* This account shall include the wages of messengers and commissions paid to messengers in lieu of or in addition to wages. (See also account 4270, "Commissions—Dr.")

NOTE: The amount of salaries, wages, and expenses of employees attending supplemental training or post-graduate schools shall be charged to account 4475, "Training employees."*†

§ 34.4283 *Messengers' uniform expense.* (a) This account shall include the cost of messenger uniforms purchased for use by the carrier in communication service.

(b) This account shall be charged with the amounts of expenses incurred in altering, repairing, cleaning, and pressing uniforms.*†

§ 34.4289 *Other messenger service expense.* This account shall include the amount of expenses incurred in furnishing messenger service not provided for elsewhere.

ITEMS (SEE SEC. 34.03-12)

Automobile service, including charges through clearing account 9015, "Vehicle expense—Undistributed."

Carfare.

Licenses for bicycles and other vehicles used in messenger service.

Meals, including payments therefor on account of overtime work.

Messengers, expenses of. (See also account 4283.)

Registration fees for vehicles used in messenger service.

*†

§ 34.4290 *Other employees' wages.* This account shall include the wages and the expense for subsistence furnished employees in lieu of wages of employees engaged in any phase of conducting operations not provided for elsewhere.*†

§ 34.4295 *Supplies—Operating offices.* This account shall include the cost of supplies used in conducting operations.

ITEMS (SEE SEC. 34.03-12)

Message blanks.

Postage, stationery, and printing.

Printer tape.

*†

§ 34.4298 *Foreign exchange—Expense differential.* (a) This account shall be charged or credited, as appropriate, with amounts representing the differential applicable to operating expenses as provided in paragraph (b) of Sec. 34.03-16.

(b) A separate subaccount with appropriate title shall be maintained for amounts applicable to each of the following general classes of operating expenses:

4298:01 Maintenance expenses.
4298:02 Conducting-operations.
4298:03 Administrative.
4298:04 General.

(c) The records supporting the entries in this account shall be so maintained as to permit analysis by subdivisions on basis of the amounts applicable to each primary operating expense account.*†

§ 34.4299 *Other conducting-operations expenses.* This account shall include the expenses of operators, station attendants, and operating-office clerks whose wages and salaries are included in accounts 4215, 4216, and 4222, respectively, and the amount of other expenses incurred in conducting operations not provided for elsewhere.*†

Administrative Expenses

§ 34.4310 *Salaries of general officers and executives.* This account shall include the compensation (salaries, bonuses, and other consideration for services) of officers and executives of the carrier, properly chargeable to radiotelegraph operations and not chargeable directly to a particular function. (See also Sec. 34.03-17.)

NOTE: Fees and expenses of directors who are also officers or executives shall be charged to account 4499, "Other general expenses."*†

§ 34.4315 *Expenses of general officers and executives.* This account shall include the expenses incurred for the benefit of the carrier in its radiotelegraph operations by officers and executives whose compensation is includable in account 4310, "Salaries of general officers and executives", and which are not chargeable directly to a particular function.

ITEMS (SEE SEC. 34.03-12)

Hotel expenses.

Meals, including payment therefor on account of overtime work.

Travel expenses.

*†

§ 34.4320 *Salaries of general office employees.* This account shall include the compensation (salaries, bonuses, and other consideration for services) of employees engaged in the general offices of the carrier properly chargeable to radiotelegraph operations and not chargeable directly to a particular function. (See also Sec. 34.03-17.)*†

§ 34.4325 *Expenses of general office employees.* This account shall include the expenses incurred for the benefit of the carrier in its radiotelegraph operations by general office employees whose compensation is includable in account 4320, "Salaries of general office employees," and which are not chargeable directly to a particular function.

ITEMS (SEE SEC. 34.03-12)

Hotel expenses.

Meals, including payment therefor on account of overtime work.

Travel expenses.

*†

§ 34.4399 *Other administrative expenses.* This account shall include the amount of expenses incurred in carrying out administrative functions not provided for elsewhere.*†

General Expenses

§ 34.4410 *Legal services.* This account shall include amounts payable to persons, other than officers and employees of the carrier, for legal services and related expenses that are not chargeable to other operating expense accounts or to clearing or plant accounts.

NOTE: The pay and expenses of the legal staff of the carrier shall be included in account 4310, "Salaries of general officers and executives," account 4315, "Expenses of general officers and executives," account 4320, "Salaries of general office employees," or account 4325, "Expenses of general office employees," as appropriate.*†

§ 34.4415 *General services, licenses, and royalties—Dr.* (a) This account shall include the amount of expenses incurred for services received under a license agreement, a general service contract, or other arrangement providing for

the furnishing of general management, supervision, purchasing, accounting, engineering, financial, legal, patent, or other general services.

(b) The records supporting the entries in this account shall be so maintained as to show the respective amounts paid to each furnisher of the service with respect to each class of service furnished. If the costs incurred in the first instance by the person furnishing the service are apportioned to several recipients thereof, the records of the carrier served shall indicate the aggregate cost of the furnishing person and the method of apportionment to the recipient carrier.*†

§ 34.4420 *General services, licenses, and royalties—Cr.* (a) This account shall be credited with amounts accruing (other than profits realized) from services rendered others under a license agreement, a general service contract, or other arrangement providing for the furnishing of general management, supervision, purchasing, accounting, engineering, financial, legal, patent, or other general services.

(b) Minor amounts of profits from such arrangements may be included in this account. (See also account 5020, "Profit from general services, licenses, and royalties.")

NOTE: Revenue from the maintaining and servicing of station equipment shall be included in account 3818, "Revenue from furnishing and servicing stations."*†

§ 34.4425 *Insurance.* (a) This account shall include the cost of insurance to protect the carrier against losses and damages to owned or leased property used in its radiotelegraph services, and the amount of insurance premiums paid in compliance with statutes requiring the carrier to provide for workmen's compensation or similar employee protection, except such costs as are includable in the clearing accounts. There shall be included in this account the amounts of premiums payable to insurance companies for other than reinsurance of self-carried insurance, and amounts credited to account 2215, "Provisions for self-carried insurance", for fire, storm, burglary, boiler explosion, lightning, and other insurance; special costs incurred in procuring insurance, such as insurance inspection service; and the pay, travel, and other expenses of officers, clerks, and other employees of an insurance department.

(b) Amounts received from insurance companies as insurance dividends or refunds of premiums shall be credited to this account.

(c) The records supporting the entries in this account shall be so maintained as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums.

(d) This account shall be subdivided as follows:

4425:01 Property insurance premiums.

4425:02 Other insurance premiums.

4425:03 Provisions for self-carried insurance.

4425:99 Other insurance costs.

NOTE A: Recoveries from insurance companies or others shall be accounted for as provided in account 2215, "Provisions for self-carried insurance."

NOTE B: Premiums on life insurance and annuities of officers and employees where the carrier is not the beneficiary shall be included in account 4435, "Relief and pensions."*†

§ 34.4430 *Injuries and damages.* (a) This account shall include losses, not covered by insurance, on account of injuries to or deaths of employees or others, which occur in connection with radiotelegraph operations, and payments and expenses on account of damages to the property of others whether the loss be occasioned by fire, flood, storm, or other cause. This account may be charged monthly with amounts sufficient to meet the probable liability for such losses, concurrent credits being made to account 2215, "Provisions for self-carried insurance", in which case losses sustained shall be charged to that account.

(b) This account shall include (1) the pay and expenses of officers and employees regularly engaged in or specifically assigned to work in connection with injuries to employees or others and damages to property of others, (2) payments to attorneys, investigators, and adjusters, and (3) court costs and similar items, except such items as are provided for in the clearing accounts.

(c) Amounts in reimbursement of payments for injuries and damages charged to this account shall be credited hereto.

NOTE A: Payments to or on behalf of employees, including accident and death benefits, hospital expenses, and medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, and similar payments or amounts provided for such payments through a plan for employees' benefits, shall be charged to account 4435, "Relief and pensions."

NOTE B: There shall not be included in this account the amounts of premiums for insurance of the lives of officers and employees or the cost of injuries and damages chargeable directly to the operated plant, clearing, or other accounts.*†

§ 34.4435 *Relief and pensions.* (a) This account shall include pensions or other benefits paid to active and retired employees, their representatives or beneficiaries, and salaries and expenses incurred in conducting relief, benefit, and general medical departments. It shall include payments to or on behalf of employees on account of injuries or accidental death when such payments come within the scope of a carrier's general provision for employees' benefits.

(b) If the carrier has definitely undertaken by contract to pay pensions to employees when regularly retired for superannuation or disability and has established a fund to be held in trust for such pension purposes, the carrier shall charge to this account monthly amounts determined through the application of equitable actuarial factors to the current

pay rolls, which together with interest accruals on the trust funds, will as nearly as may be, provide for the payment of such pensions, or for the purchase of annuities corresponding thereto. The amounts so charged shall be concurrently credited to account 2210, "Provisions for employees' pensions and welfare." The amounts accrued in each year shall correspond to the aggregate of the amounts expended directly by the carrier for pensions or annuities during the year and amounts paid into the trust fund. The carrier shall maintain a complete record of the actuarial computations through which the accrual each month of its pension liabilities is established.

(c) Upon the adoption of the accrual plan of accounting, pension payments to employees retired before the adoption of such plan shall be charged to an existing pension reserve or to account 6299, "Other extraordinary income charges." If a carrier pays into its pension trust fund the amount of its existing pension reserve, any such amounts in excess of provision for pensions granted prior to the adoption of the accrual plan may be applied in whole or in part to the adjustment of future accrual charges.

(d) Before adopting the accrual plan of accounting for pensions the carrier shall inform this Commission of the details of its pension plan giving full statement of the facts which in its judgment establish a contractual obligation for pension payments together with the actuarial formula under which it proposes to create its pension trust fund, and also a copy of the declaration of trust under which the fund is established. Each carrier that has adopted the accrual plan of accounting for pensions shall make no change in the accounting therefor or in the method of computing the amounts of the accruals recorded in the accounts under the plan without first submitting full particulars of the proposed changes and a detailed statement of the reasons therefor to this Commission for its consideration and approval.

(e) No charges to this account shall be made in anticipation of discretionary pension payments in the future.

(f) This account shall include also, under a separate subaccount, amounts accrued to provide for the payment of termination allowances or similar benefits to employees of the carrier when such employees are laid off because of lack of work, and to provide necessary and warranted relief to former employees. Charges to this subaccount shall be made only after approval by this Commission of the carrier's plan for administering payments for these purposes and of the amount of the accruals. Amounts charged to this subaccount shall be concurrently credited to account 2210, "Provisions for employees' pensions and welfare."

(g) There shall be credited to this account that portion of each class of relief and pensions assigned to construction and custom work labor.

ITEMS (SEE SEC. 34.03-12)

Accident, sickness, death, and other disability benefits to employees, their representatives or beneficiaries.

Employees of relief, benefit, and general medical departments, pay and expenses of.

Expenses in connection with employees' disability cases, such as hospital, nursing, and medical attendance.

Fees and retainers for medical and similar services incurred by relief, benefit, and general medical departments.

Medical supplies.

Office supplies.

Postage, printing and stationery.

Premiums paid for group insurance for the benefit of employees or their beneficiaries.

Repairs of furniture and equipment, and cost and repairs of individual items of small value or short life.

Travel expenses.*†

§ 34.4445 Rest and lunch room expenses. (a) This account shall be charged with the amount of expenses incurred in operating rest and lunch rooms for employees, including the cost of meals provided. This includes the cost of operating such facilities as rest rooms, quiet rooms, reading rooms, medical rooms, locker rooms, check rooms, sleeping rooms, and dormitories.

(b) This account shall be credited with amounts paid to the carrier for meals and other services the expense of which is included in this account.

ITEMS (SEE SECS. 34.03-12 AND 34.03-17)

Bedding.

Dishes.

Electric power for cooking, refrigeration, or operating kitchen equipment.

Food supplies.

Fuel for cooking.

Handling orders and bills for supplies.

Ice for refrigeration.

Laundry.

Linen.

Lunch room managers, cooks, cashiers, waiters, and other employees, pay and expense of.

Medical supplies, including first-aid materials.

Newspapers, magazines, phonograph records, and radio-tube replacements.

Nurses, matrons, and attendants for employees' quarters, pay and expenses of.

Postage, printing, and stationery.

Silverware.

Uniforms.*†

§ 34.4450 Rent for offices. This account shall include the amount of expenses incurred as rent for the use of space in buildings occupied by the carrier for general purposes. (See also subparagraph (1) of paragraph (b) of Sec. 34.03-5 and accounts 4243, "Rent for operating offices" 4245, "Rent for other facilities", and 4940, "Rent for lease of operated plant.")*†

§ 34.4455 Other rents. This account shall include amounts payable for operating rents not provided for elsewhere.*†

§ 34.4460 Franchise requirements—Dr.

(a) This account shall include the cost, not provided for in account 82, "Franchises", of services, plant, material and supplies, and similar items furnished to governmental authorities in compliance with franchises, ordinances, or similar requirements and for which no direct compensation is received by the carrier. It shall include the cost of paving and of premiums on indemnity or similar bonds required under the general terms of a franchise or ordinance and not in connection with specific construction or maintenance work.

(b) This account shall include amounts paid for franchises running for 1 year or less after acquisition and may include direct charges for franchises acquired at small cost.

(c) There shall be charged to this account and credited to account 4465, "Franchise requirements—Cr.", an amount equal to the revenues that would be derived at published tariff rates from radiotelegraph services furnished to governmental agencies in compliance with franchises, ordinances, or similar requirements that require that services be furnished without direct compensation.

NOTE A: The cost of plant, supplies, and similar items given as an initial consideration for a franchise running for more than 1 year shall be charged to account 82, "Franchises."

NOTE B: Franchise taxes paid annually or more frequently shall be charged to account 4932, "Other taxes—Operating."

NOTE C: The cost of operated plant furnished to a governmental agency without charge or used by the carrier in rendering services to a governmental agency without charge, shall be included in the appropriate plant accounts and the maintenance expenses incurred in connection with such operated plant shall be charged to the appropriate maintenance accounts.

NOTE D: The cost of reconstructing, or of changing the location of, operated plant to conform with governmental requirements, including such work required under the provisions of a franchise or ordinance, shall be charged to the maintenance-expense, operated plant, and allowance-for-depreciation accounts appropriate for the work performed.*†

§ 34.4465 Franchise requirements—Cr. This account shall be credited with amounts charged to account 4460, "Franchise requirements—Dr.", under the provisions of paragraph (c) of that account.*†

§ 34.4470 Supplies. This account shall include the cost of supplies used in connection with the general functions of the carrier's radiotelegraph operations. (See account 4295, "Supplies—Operating offices," and subparagraph (1) of paragraph (b) of Sec. 34.03-5.)

ITEMS (SEE SEC. 34.03-12)

Office supplies.

Postage, stationery, and printing.

*†

§ 34.4475 Training employees. This account shall include the amount of expenses incurred in the employment and training of employees of the carrier.

ITEMS (SEE SEC. 34.03-12 AND 34.03-17)

Advertising for employees, cost of.

Employees attending supplemental training or post-graduate schools, pay and expenses of.

Instructors, messengers, supervisors, and others employed in training schools, pay and expenses of.

Personnel officers and employees engaged in interviewing applicants and hiring employees, pay and expenses of.

Supplies.

*†

§ 34.4480 House service. (a) This account shall include the amount of expenses incurred in the operation of offices and buildings (whether owned or rented) used in connection with the general functions of the carrier's radiotelegraph operations.

(b) This account shall include the amounts of house service expenses applicable to general functions that are transferred from account 9035, "House-service expense—Undistributed." (See also paragraph (b) of Sec. 34.03-5.)*†

§ 34.4499 Other general expenses. This account shall include the amount of operating expenses not includable in other accounts.

ITEMS (SEE SEC. 34.03-12)

Commissions paid agents for leasing space to others in buildings partly occupied by the carrier in connection with its communication operations.

Conventions and meetings of the industry, contributions for.

Fees and expenses of directors.

Patents having an estimated service life of 1 year or less and patents acquired at small cost, amounts paid for.

Research and development work, not includable in other accounts, cost of. (See also Sec. 34.03-10.)*†

CLEARING ACCOUNTS

Instructions

§ 34.90-1 Purpose of clearing accounts. The clearing accounts are provided as a medium for the distribution of certain amounts which affect more than one account.*†

§ 34.90-2 Disposition of balances in clearing accounts. (a) The balances in the clearing accounts shall be distributed to the appropriate supervision or other accounts not later than the close of the calendar year unless amounts included therein appropriately affect the accounting for future periods.

(b) Undistributed balances (other than the balance in account 9030, "Supply expense—Undistributed") shall be included in the balance sheet under account 1940, "Debit balances in clearing accounts," or account 2320, "Credit bal-

ances in clearing accounts," as appropriate.

(c) The carrier's records shall be so maintained that an analysis of undistributed items in clearing accounts at the close of the calendar year may be shown in the reports to this Commission. (Prescribed accounts)*†

NOTE: Number to the right of the decimal point is the account number.

§ 34.9010 *Research and development—Undistributed.* (a) This account shall be charged with the costs incurred in maintaining laboratories and experimental stations for the development of equipment, the costs of research conducted for the purpose of improving operations, and other analogous items. (See also Sec. 34.03-10.)

(b) This account shall be cleared by charging the appropriate accounts with the applicable amounts contained herein.

(c) The records supporting the entries in this account shall be so maintained as to show the amount and nature of each transaction recorded herein.

ITEMS (SEE SEC. 34.03-12)

Depreciation.
Electron tubes.
Heat, light, and power.
Maintenance.
Material and supplies.
Rent.
Repairs.
Royalties.
Salaries, wages, and expenses of employees.
Small tools.

NOTE: Amounts included in this account applicable to projects that have been abandoned shall be cleared by charges to account 6299, "Other extraordinary income charges", unless otherwise authorized or directed by the Commission.*†

§ 34.9015 *Vehicle expense—Undistributed.* (a) This account shall include maintenance, depreciation, and other expenses applicable to vehicles that are not included in other accounts at the time they are incurred.

(b) This account shall be cleared by apportionment to operating-expense, plant, or other accounts benefited on such basis as will equitably distribute the amounts contained herein.

ITEMS (SEE SEC. 34.03-12)

Depreciation.
Heat, light, and power.
Maintenance.
Material and Supplies.
Rent.
Repairs.
Salaries, wages, and expenses of employees.
Small tools.

*†

§ 34.9020 *Shop, tool, and implement expense—Undistributed.* (a) This account shall include maintenance, depreciation, and other expenses applicable to shop equipment, tools, and implements and the cost of material, labor,

supplies, and other items incidental to repair work in the carrier's own shops that are not included in other accounts at the time they are incurred. (See also subparagraph (2) of paragraph (c) of Sec. 34.1-3.)

(b) This account shall be cleared by apportionment to operating-expense, plant, or other accounts benefited on such basis as will equitably distribute the amounts contained herein.

ITEMS (SEE SEC. 34.03-12)

Depreciation.
Heat, light, and power.
Maintenance.
Material and supplies.
Rent.
Repairs.
Salaries, wages, and expenses of employees.
Small tools.

*†

§ 34.9025 *Plant-supervision expense—Undistributed.* (a) This account shall be charged initially with the salaries and the office and other expenses of officers, superintendents, engineers, architects, special consultants, and field supervisors engaged exclusively in supervising and directing both maintenance and construction work; also the similar expenses of the office and field forces of such officers and employees.

(b) This account shall be cleared by allocation to the operated plant accounts, to account 4110, "Supervision of maintenance," and to other appropriate accounts, on such basis as will equitably distribute the amounts contained herein.

NOTE: The salaries and the office and other expenses of foremen and inspectors in direct charge of maintenance, construction, or removal work shall not be included in this account but shall be charged direct to the accounts appropriate for the class of work performed.

ITEMS (SEE SEC. 34.03-12)

Books and periodicals.
Plant supervising officers and their staffs, including engineers, office and field forces charged with planning for and superintending maintenance, construction, and plant removal work—pay and expenses of.
Postage, printing, and stationery.
Rent and repairs of offices.
Supplies.
Tools and instruments of small value or short life.*†

§ 34.9030 *Supply expense—Undistributed.* (a) This account shall include the amount of expenses and costs incurred in connection with the purchase, storage, handling, and distribution of material and supplies that are not included in other accounts at the time they are incurred and the amount of depreciation and maintenance applicable to the equipment of storerooms.

(b) Cash and other discounts on material shall be deducted from the cost of the particular material to which they relate or credited to the account to which

the material is charged. When impracticable of such treatment they shall be credited to this account.

(c) Transportation charges on material purchased shall be included as a part of the cost of the particular material to which they relate. When impracticable of such treatment they shall be charged to this account. Transportation charges on material recovered from plant retired shall be accounted for as a part of the cost of removal.

(d) This account shall be cleared by adding to the cost of material and supplies a suitable loading charge that will equitably distribute the amounts contained herein.

ITEMS (SEE SEC. 34.03-12)

Books and periodicals.
Customs duties and excise taxes.
Depreciation and maintenance of store-room equipment.

Insurance against losses and damages to material and supply stock. (See also account 4425, "Insurance.")

Inventory differences in material and supplies that cannot be assigned to specific accounts. (See also account 1795, "Material and supplies.")

Losses due to breakage, leakage, evaporation, and fire and other casualties to supply stock not assigned to specific accounts or distributed through the pricing of material and supplies disbursed.

Postage, printing, and stationery.
Purchasing agents, superintendents and supervisors of supplies, managers of stores, storekeepers, clerks, and laborers—pay and expenses of.

Rent and repairs of storehouses, store-rooms, storage yards, and other quarters.
Supplies used.

Transportation charges, undistributed.

*†

§ 34.9035 *House-service expense—Undistributed.* (a) This account shall include the amount of expenses incurred in operating offices and buildings (whether owned or rented) that are not included in other accounts at the time they are incurred.

(b) This account shall be cleared by apportionment to operating-expense or other accounts benefited on such basis as will equitably distribute the amounts contained herein.

ITEMS (SEE SEC. 34.03-12)

Building superintendents and others engaged in supervising house service operations—pay and expenses of.

Cleaning supplies.
Elevator service.
Heat.
Janitor service.
Light.

Postage, printing, and stationery.
Power. (See also account 4225, "Operating power.")

Refrigeration.
Rent and repairs of quarters used in the supervision of general house-service

operations other than space used by janitors and similar employees in furnishing house service for a particular building.

Supplies.

*†

RETIREMENT UNITS

§ 34.1-6-1. *List of units to be used in connection with the accounting provided in Sec. 34.1-6.* (a) The following list of retirement units shall not be considered as items determining the classification of plant (see Sec. 34.03-12) or as property units for use in continuous property records (see Sec. 34.1-8) but shall be used in connection with the accounting for operated plant retired (see Sec. 34.1-6).

(b) Elimination of or substitution for retirement units listed herein may not be performed without specific authority by the Commission except that items which are not combinations of the listed retirement units may be added without such authority and carriers may account for listed units as maintenance when of small cost and not complete units of operated plant.

(c) This list shall be expanded by the carrier to include complete units of operated plant not shown herein.

(d) The carrier shall report to the Commission, within forty-five days after June 30 and December 31 of each year, and as at those dates, all additions which have been made to the list under this authority, all items included in the list which have become obsolete, either as to technical titles or use in the communication service, and the items which the experience of the carrier has shown to involve a small cost only. These reports should include such other information concerning the list as the carrier may desire to place before the Commission with requests for appropriate action by the Commission in the matters described.

(e) The article "a," "an," or "the," as appropriate, should be read in connection with each retirement unit listed herein.

Land Improvements (Account 12)

Billboard or sign.
Boundary fence, wall, or hedge—continuous length of 50 feet or more.

Branch or spur extending from a main roadway or sidewalk—complete.

Bridge or trestle (foot or road).

Fencing, serving for other than boundary purposes—complete, or continuous length of 50 feet or more.

Gate, ornamental (not associated with fence or wall).

Hard-surface road—complete system, or continuous length of 20 feet or more.

Lawn—complete.

Loading platform.

Railroad spur or siding.

Roadway, curbing, and sidewalk—complete system, or continuous length of 50 feet or more.

Snow barrier or fence.

Store yard—complete.

Swimming pool, tennis court, or similar unit of recreational equipment—complete.

Drainage, Sewerage, Gas, and Water Systems (Account 13)

Basin.

Branch or main extending from drain or sewer—complete.

Branch or spur extending from main or secondary water pipe—complete, or continuous length of 20 feet or more.

Cesspool or septic tank.

Drain or spillway.

Dike or levee—section of.

Drainage or sewerage system.

Drain or sewer—continuous length of 20 feet or more.

Engine.

Filtration plant.

Gas supply and distribution system serving more than a single building.

Hydrant.

Hydraulic ram—complete installation.

Lawn sprinkler system.

Manhole or handhole.

Motor (2 or more h.p.).

Piping or other water-conducting system—complete, or continuous length of 20 feet or more.

Reservoir.

Shelter or housing for machinery.

Sub-surface drain bed.

Water or gas main.

Water pump.

Water system.

Water tank, with or without tower or other support.

Well.

Windmill or windmill tower.

Buildings (Account 14)

Air-conditioning or ventilating system.

Automatic stoker.

Boiler.

Building.

Coal or ash conveying system.

Elevator—complete, with operating mechanism.

Fire escape.

Floor-covering for one room.

Furnace.

Gas-burner system.

Heating system.

Hot-water heater.

House-lighting or power board.

Metal window—complete, with box, frame, and sash.

Motor (2 or more h.p.), generator, engine, turbine, pump, compressor, ventilating fan, air washer, elevator drum, or similar item of equipment, with or without associated wiring, control equipment, etc.

Oil-burner system.

Oil tank.

Roof—with or without supporting structures. (A building of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of buildings to which lateral extensions have been made, even though

having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.)

NOTE: In addition to the foregoing retirement units, material (i. e., portions of buildings, equipment, fixtures, etc.) installed and retired, and the labor and incidental costs involved in connection with work of the following character, shall be handled through the plant and depreciation-allowance accounts:

Changes in the type of operation of elevator systems, e. g., a change from manual to automatic control of cars, from manual to power operation of doors, from low speed to high speed, from direct to alternating current, from hydraulic to electric operation, from one type of signaling or dispatching system to another.

Relocation of toilet rooms, battery rooms, kitchens, terminal rooms, machine rooms, transformer vaults, etc.

Structural changes, such as: Reinforcements of floors, roofs, bearing walls, footings, and foundations; additions or relocations of elevator shafts, stairways, fire exits, and vaults, but excluding switchboard cable holes and slots; and building alterations required for fire protection and other safety measures.

Changes in the type of electric current supply, or of ventilating, air-conditioning, or similar systems.

Building enlargements.

Replacements of plumbing or heating pipes (with or without associated valves), except when necessitated by minor repairs or minor relocations of fixtures.

Replacements of all or substantially all the lighting fixtures (with or without associated wiring and conduit) in one operating or equipment room or, in the case of office space, on one floor of a building.

General replacements (throughout a building or throughout an entire portion erected at one time) of items such as supply, return, or air valves in heating systems; hot or cold water valves or faucets; and plumbing, heating or drainage traps.

Towers and Masts (Account 21)

Beacon light, with or without accessories.

Crossarm or bridge.

Guy and anchor—complete.

Halyard, permanent.

Mast, pole-type of A-frame structure.

Topmast.

Tower.

Tower-lighting system.

Triatic system.

Winch, with or without foundation.

Antenna Systems (Account 22)

Antennas

Antenna—complete.

Single or multiple antenna wire (with or without associated spacers, supporting insulators, and catenary wires, if integral parts of span)—continuous span.

Single "panel" of antenna wire, with supporting wire and insulators.	Motor (2 or more h. p.).	Control panel.
Ground or Counterpoise Systems	Oil cooler.	Feed water condenser.
Counterpoise system.	Oscillator unit.	Generator.
Ground system.	Radiator.	Housing or shelter for pump.
Overhead transmission line for distribution of the current to the ground, wires, or plates.	Rectifier unit.	Machine foundation.
Radio Frequency Transmission Lines	Transformer (25 or more Kv-a).	Mercury tank.
Filter assembly.	Transmitter—complete, with or without associated wiring or conduits.	Motor generator unit.
Inside transmission line system.	Water pump.	Motor (2 or more h. p.).
Transmission branch line.	<i>Other Transmitter Equipment (Account 32)</i>	Power plant—complete.
Transmission line system.	Alternator, radio frequency.	Power substation—complete.
Tuning and Uncoupling Coils	Amplifier, magnetic.	Prime mover.
Long-wave tuning coil or uncoupling coil.	Arc transmitter.	Pump-fuel oil or feed water.
Shelter or housing.	Armature (associated with main machine of 25 or more h. p.).	Rectifier, power.
Sleet-Melting Installations	Compressor.	Switchboard, power.
Power board.	Condensers, battery of.	Starter.
Power-supply cable.	Foundation.	Tank—fuel oil, feed water, or compressed air.
Shelter, housing, or platform.	Oil tank.	Transformer (25 or more Kv-a).
Sleet-melting system.	Pump.	Voltage regulator.
Transformer or bank of transformers.	Motor (2 or more h. p.).	<i>Storage Battery Equipment</i>
<i>Control Lines (Account 26) and Power-Supply Lines (Account 27)</i>	Motor generator.	Battery—complete, with or without rack, cabinet, or counter.
Buried cable—a section of 300 feet or more, or a section between manholes, splicing boxes, or pedestals.	Panel or switchboard.	Battery plates—complete.
Cable, with or without associated suspension strand, clamps, or rings.	Rotor.	Battery rack or cabinet (storage or dry).
Case of equipment, such as loading coils, building-out condensers, carrier-line filters, or auto-transformers.	Spark transmitter.	Electric motive cells.
Field telephone system.	Transformer (25 or more Kv-a).	Filter assembly, battery charging.
Gas-pressure fault-indicating system.	<i>Cooling Apparatus (Account 33)</i>	Group of bus bars, cable, or wiring, with or without conduit, such as between: Battery and fuse panel and Power switchboard and equipment.
Manhole.	Air duct.	Motor generator.
Pole (i. e., line pole, brace pole, guy pole, or pole forming part of an A or H frame), with or without associated anchors, guys, steps, or other appurtenances.	Blower.	Rectifier, battery charging.
Special fixtures (i. e., a bridge fixture, a tower, or other special river-crossing or long-span fixture), with or without associated anchors, guys, or other appurtenances.	Brine tank.	Switchboard, storage battery.
Underground conduit—a section between a manhole, handhole, or service box and a pole or building.	Cooling pond.	Tanks or jars—complete set.
Underground conduit—a section between two manholes, handholes, or service boxes.	Cooling pond louvre or wind break.	<i>Control Apparatus (Account 40)</i>
Underground conduit dips between two poles, between a pole and a building, or between two buildings.	Cooling tower.	Frequency-Measuring Equipment
Wire, with or without associated insulators or other hardware—two or more continuous spans.	Fan, exhaust.	Amplifier unit.
<i>Electron-Tube Transmitter Equipment (Account 31)</i>	Heat exchanger.	Comparator.
Air ducts system.	Machine foundation.	Equipment rack.
Amplifier unit.	Motor (2 or more h. p.).	Equipment table.
Antenna coupling device.	Pump.	Frequency standard.
Blower.	Radiator.	Frequency standard check equipment unit.
Control panel.	Refrigerating unit.	Harmonic generator or distortion amplifier unit.
Driver or exciter unit.	Spray tower.	Multi-vibrator unit.
Generator.	Sump.	Oscillator unit.
Modulator unit.	System of pipes from pump and cooling device to a transmitter or rectifier.	Power supply unit.
	Water Still.	Radio receiver or unit.
	Water storage tank.	Recorder, time-signal.
	<i>Receiver Equipment (Account 34)</i>	Regulator unit.
	Amplifier unit.	Shielded frequency-measuring room or booth (not part of a building).
	Antenna combining or coupling unit.	Synchronous clock.
	Coil box.	Temperature controlled box.
	Converter unit.	<i>Message Transmitting and Receiving Apparatus</i>
	Demodulator or detector unit.	Automatic transmitter unit or base.
	Oscillator unit.	Desk or table fitted with radiotelegraph or other telegraph apparatus.
	Power-supply panel or unit.	Error detector unit.
	Receiver rack.	Facsimile machine (transmitting, receiving, or combination).
	Receiving set—complete.	Ink recorder or undulator.
	Rejector coupling unit.	Photoradio operating table—complete, with wiring, outlets, compressor, etc.
	Table or desk used as a mounting.	Photoradio receiving recorder.
	Tone keyer unit.	Photoradio universal transmitting and receiving machine.
	Tuner unit.	Printer (keyboard, page, or tape).
	<i>Power Supply and Distribution Equipment (Account 36)</i>	
	Other than storage battery equipment	
	Alternator.	
	Ash or coal conveyor.	
	Boiler.	
	Circuit breaker.	
	Compensator.	
	Concrete vault.	

Table or stand used as a mounting for automatic telegraph apparatus or for keyboard printer.

Tape perforator or reperforator, with or without cover or case.

Tape puller.

Tape puller foot control assembly—integral with operating table.

Teletypewriter.

Time stamp (a. c. or d. c.), or entire time-stamp installation.

Typewriter, traffic.

Water copy wringer or press.

Message Conveyor Equipment

Conveyor belt installation.

Metal chute.

Pneumatic tubing, with or without protective covering—section of.

Tubing blower motor.

Calling and Order-dispatching Equipment

Annunciator system.

Call register.

Microphone and loud-speaker order-dispatching and intercommunicating system.

Microphone—complete, with mounting, connecting cord, etc.

Public-address system.

Telautograph installation.

Telegraph or telephone order-dispatching and intercommunicating system.

Terminal Equipment

Amplifier rectifier unit.

Amplifier unit.

Board-printer-control, relay, amplifier, line-test, or keyer.

Concentrator for radio or wire-line telegraph circuits, printer circuit, or telephones.

Control booth.

Control desk or console.

Control or switching box.

Converter unit.

Desk or table fitted with radiotelegraph or other telegraph apparatus.

Electrically shielded control room.

Filter-rack installation.

Filter unit.

Fuse panel, with or without associated wiring.

Lamp panel, with or without associated wiring.

Microphone—complete, with mounting, connecting cord, etc.

Mixer panel.

Modulator unit.

Mounting for line-terminal equipment—table, desk, or rack.

Multiplex terminal.

Oscillator unit.

Photoradio or facsimile terminal.

Radio transmitter frequency control installation.

Relay test panel, with or without associated wiring.

Remote control board, transmitter or receiver.

Single bay of relay rack or other supporting structure for terminal or other equipment.

Telegraph, telephone, or program control board.

Telegraph test board.

Telephone modulator (portable) or telephone modulator installation.

Tone-generator installation.

Volume-indicator unit.

Monitoring Equipment

Monitor loud speaker, portable.

Monitor receiver, portable.

Monitor recorder, portable.

Multiple pen recorder.

Telephone head set, hand set, or breast set.

Telephone receiver or transmitter, operator's, portable.

Equipment on Customers' Premises (Account 41)

Call box.

Morse set.

Printer.

Telephone.

Furniture and Office Equipment (Account 51)

Each principal item of equipment, such as: Accounting, adding, addressing, billing, blueprinting, calculating, or listing machine; Bed, cot, couch, davenport, or lounge; Cabinet; Counter installation; Desk; Piano or phonograph; Refrigerator; Safe; Typewriter; Vacuum cleaner; Washing machine; Water cooler.

Ship Station Equipment (Account 61) and Other Mobile Station Equipment (Account 69)

Each applicable item of equipment as listed under the preceding captions.

Vehicles and Draft Animals (Account 71)

Each principal item of equipment such as: Air compressor, mobile; Aeroplane; Automobile; Boat or barge; Draft animal; Motorcycle; Motortruck body; Motor truck, with or without body; Mounted kitchen; Pole dolly or dinky; Set of harness; Sled; Tractor or trailer; Wagon.

Shop Equipment, Tools, and Implements (Account 72)

Testing and Adjusting Equipment

Ammeter.

Bridge (capacity, resistance, inductance, or combination thereof).

Circuit tester or analyzer.

Crystal testing installation.

Decade resistance box.

Decremeter.

Dummy antenna or dummy load.

Field intensity measuring installation.

Harmonic generator or distortion amplifier unit.

Linemen's test set.

Meter—capacity, conductance, field intensity (including antenna), portable flow, or light intensity.

Magneto test set.

Oil testing set.

Oscillator unit, portable.

Oscillograph or oscilloscope.

Portable telephone outfit.

Pyrometer, portable.

Relay test panel, with or without associated wiring.

Stroboscope.

Temperature controlled oven.

Test amplifier unit, portable.

Test meter, with or without associated external thermocouple or multiplier.

Test table.

Thermocouple.

Vacuum-tube gas detector.

Vacuum-tube temperature measuring meter.

Vacuum-tube tester, portable.

Vacuum-tube testing installation—complete.

Volt meter.

Volume or power level indicator, portable.

Wave meter, portable.

Portable Tools and Implements

Each principal item of equipment, such as: Air compressor, mobile; Back-filling machine; Blower, power; Concrete mixer; Compressed air tool; Crane or derrick, mobile; Earth-boring machine (not part of a truck or tractor); Farm implement; Forge; Paint spray outfit; Pole-treating installation; Power drill or hammer; Surveyor's transit; Tower erection cage; Trenching machine; Wire-measuring machine.

Other Equipment

Each principal item of equipment, such as: Acetylene torch outfit; Boring mill; Chain hoist; Lathe; Milling machine; Oil filter press, with associated equipment; Power planer, drill press, grinder, or saw; Shop motor (2 or more h. p.); Welding outfit; Work bench or table.

Store and Warehouse Equipment (Account 73)

Each principal item of store and warehouse equipment, such as: Barrel; Cart; Counter, movable; Crane; Gasoline pump or tank; Hand cart or hand truck; Ladder; Oil pump; Oil tank; Tool rack or tool case; Truck; Wire-measuring machine.

*†

By the Commission.

[SEAL]

T. J. SLOWIE,
Secretary.[F. R. Doc. 39-2305; Filed, July 1, 1939;
9:54 a. m.]

Notices

CIVIL AERONAUTICS AUTHORITY.

[Docket Nos. 1-401 (B)-1, 4-401 (B)-1, 9-401 (B)-3, 11-401 (B)-4]

IN THE MATTER OF THE APPLICATIONS OF
BRANIFF AIRWAYS, INC., CHICAGO &
SOUTHERN AIR LINES, INC., EASTERN AIR
LINES, INC., MISSOURI CENTRAL AIR
LINES, INC., FOR CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY UNDER
SECTION 401 (b) OF THE CIVIL AERO
NAUTICS ACT OF 1938

NOTICE OF HEARING

The above-entitled proceeding is assigned for public hearing on September 6, 1939, 10 o'clock a. m. (Eastern Stand-

FEDERAL REGISTER, Friday, July 7, 1939

ard Time), at the Carlton Hotel, 923 16th St. NW., Washington, D. C., before an Examiner.

Dated Washington, D. C., June 30, 1939.

By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 39-2360; Filed, July 6, 1939;
12:09 p. m.]

[Docket Nos. 12-401 (B)-1, 195]

IN THE MATTER OF THE APPLICATIONS OF TRANS-SOUTHERN AIRLINES, INC., BRANIFF AIRWAYS, INC., FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 401 (b) OF THE CIVIL AERONAUTICS ACT OF 1938

NOTICE OF HEARING

The above-entitled proceeding is assigned for public hearing on September 18, 1939, 10 o'clock a. m. (Eastern Standard Time), at the Raleigh Hotel, 12th Street and Pennsylvania Avenue NW., Washington, D. C., before an Examiner.

Dated Washington, D. C., June 30, 1939.
By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 39-2361; Filed, July 6, 1939;
12:10 p. m.]

[Docket Nos. 11-401 (B)-2, 11-401 (B)-3,
9-401 (B)-4, 9-401 (B)-5, 230]

IN THE MATTER OF THE APPLICATIONS OF MISSOURI CENTRAL AIRLINES, INC. EASTERN AIR LINES, INC. FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 401 (b) OF THE CIVIL AERONAUTICS ACT OF 1938

NOTICE OF HEARING

The above-entitled proceeding is assigned for public hearing on September 27, 1939, 10 o'clock a. m. (Eastern Standard Time), at the Mayflower Hotel, Connecticut Avenue and De Sales Street NW., Washington, D. C., before an Examiner.

Dated Washington, D. C., June 30, 1939.
By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 39-2356; Filed, July 6, 1939;
12:09 p. m.]

[Docket Nos. 162, 224, 244]

IN THE MATTER OF THE APPLICATIONS OF DELTA AIR CORPORATION, PENNSYLVANIA-CENTRAL AIRLINES CORP. FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 401 (b) OF THE CIVIL AERONAUTICS ACT OF 1938

NOTICE OF HEARING

The above-entitled proceeding is assigned for public hearing on October 9, 1939, 10 o'clock a. m. (Eastern Standard Time), in Conference Room B of the

Departmental Auditorium, Washington, D. C., before an Examiner.

Dated Washington, D. C., June 30, 1939.

By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 39-2359; Filed, July 6, 1939;
12:09 p. m.]

[Docket Nos. 192, 251]

IN THE MATTER OF THE APPLICATIONS OF BRANIFF AIRWAYS, INC., KANSAS CITY SOUTHERN TRANSPORT CO., INC., FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 401 (b) OF THE CIVIL AERONAUTICS ACT OF 1938

NOTICE OF HEARING

The above-entitled proceeding is assigned for public hearing on October 18, 1939, 10 o'clock a. m. (Eastern Standard Time), at the Carlton Hotel, 923 16th St. NW., Washington, D. C., before an Examiner.

Dated Washington, D. C., June 30, 1939.

By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 39-2357; Filed, July 6, 1939;
12:09 p. m.]

[Docket No. 245]

IN THE MATTER OF THE APPLICATION OF PENNSYLVANIA-CENTRAL AIRLINES CORP. FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER SECTION 401 (b) OF THE CIVIL AERONAUTICS ACT OF 1938

NOTICE OF HEARING

The above-entitled proceeding is assigned for public hearing on October 30, 1939, 10 o'clock a. m. (Eastern Standard Time), at the Mayflower Hotel, Connecticut Avenue and De Sales Street NW., Washington, D. C., before an Examiner.

Dated Washington, D. C., June 30, 1939.
By the Authority.

[SEAL] PAUL J. FRIZZELL,
Secretary.

[F. R. Doc. 39-2358; Filed, July 6, 1939;
12:09 p. m.]

FEDERAL COMMUNICATIONS COMMISSION.

[Docket No. 5672]

INVESTIGATION OF ENLARGEMENT BY SOUTHERN BELL TELEPHONE COMPANY OF KANSAS CITY EXCHANGE AREA

NOTICE OF HEARING

At a session of the Federal Communications Commission, held in its offices at Washington, D. C., on the 27th day of June 1939,

Whereas, the Commission having heretofore entered upon an informal investigation of the enlargement by the Southwestern Bell Telephone Company

of the Kansas City Exchange Area and the circumstances connected therewith; and

It appearing, that a formal hearing upon the questions involved in said investigation is desirable; it is

Ordered, That the Commission, upon its own motion and without formal pleadings, enter upon a hearing concerning the enlargement by the Southwestern Bell Telephone Company of the Kansas City Exchange Area, and particularly concerning the failure of the Southwestern Bell Telephone Company to have on file with this Commission the Interstate telephone rates, particularly the interstate-interzone message rates, as are applied to the said Kansas City area; and whether said failure to file such rates is in violation of any provisions of the Communications Act of 1934, as amended.

It is further ordered, That this order be served upon Southwestern Bell Telephone Company, and that this carrier be, and it hereby is, made respondent to this proceeding, and that notice to the public be given by posting a copy of this order in the office of the Secretary of the Commission.

It is further ordered, That this proceeding be, and it hereby is, assigned for hearing on the 18th day of September 1939, at 10:00 a. m., at the offices of the Federal Communications Commission in Washington, D. C.

By the Commission.

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 39-2341; Filed, July 6, 1939;
9:10 a. m.]

FEDERAL DEPOSIT INSURANCE CORPORATION.

RESOLUTION AUTHORIZING CALL FOR REPORT OF CONDITION

Pursuant to the provisions of paragraph (3) of subsection (k) of Section 12B of the Federal Reserve Act, as amended, be it resolved that each insured State nonmember bank, except a District bank, be, and hereby is, required to submit to the Federal Deposit Insurance Corporation within ten days after receipt of notice of this resolution a report of its condition as of the close of business Friday, June 30, 1939, on Form No. 64—Call No. 11. Said report of condition shall be prepared in accordance with the booklet entitled "Instructions for the Preparation of Reports of Condition on Form 64."¹

Adopted by the Board of Directors of the Federal Deposit Insurance Corporation on July 1, 1939.

[SEAL] E. F. DOWNEY,
Secretary.

[F. R. Doc. 39-2335; Filed July 5, 1939;
3:36 p. m.]

¹ Filed as a part of the original document; copies available upon request to the Federal Deposit Insurance Corporation.

FEDERAL TRADE COMMISSION.

United States of America—Before
Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 1st day of July, A. D. 1939.

Commissioners: Robert E. Freer, Chairman; Garland S. Ferguson, Charles H. March, Ewin L. Davis, William A. Ayres.

[Docket No. 3769]

IN THE MATTER OF S & K SALES, INC., A CORPORATION

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S.C.A., Section 41),

It is ordered, That Miles J. Furnas, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

It is further ordered, That the taking of testimony in this proceeding begin on Monday, July 10, 1939, at ten o'clock in the forenoon of that day (central standard time) in Room 516, Federal Building, St. Louis, Missouri.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report.

By the Commission.

[SEAL] OTIS B. JOHNSON,
Secretary.

[F. R. Doc. 39-2342; Filed, July 6, 1939;
9:38 a. m.]

RURAL ELECTRIFICATION ADMINISTRATION.

[Administrative Order No. 367]

ALLOCATION OF FUNDS FOR LOANS

JUNE 30, 1939.

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project designation Amount
Arkansas R9014C1 A. P. & L. \$200,000

JOHN M. CARMODY,
Administrator.

[F. R. Doc. 39-2337; Filed, July 6, 1939;
9:09 a. m.]

[Administrative Order No. 368]

ALLOCATION OF FUNDS FOR LOANS

JUNE 30, 1939.

By virtue of the authority vested in me by the provisions of Section 5 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project designation	Amount
Alabama 0027W1 Conecuh	\$10,000
Alabama 0030W1 Autauga	5,000
California 0018W1 San Diego	2,000
Idaho 0011W1 Kootenai	5,000
Idaho 0017W2 Fremont	10,000
Indiana 0040W1 Knox	6,000
Indiana 0055W1 Tippecanoe	6,000
Indiana 0072W1 Clark	6,000
Iowa 0051W1 Winnebago	5,000
Kansas 0026W1 Coffey	3,000
Kansas 0030W1 Nemaha	10,000
Kansas 0033W1 Pratt	5,000
Kentucky 0003W1 Jackson	5,000
Kentucky 0046W2 Harrison	5,000
Mississippi 0039W1 Jackson	6,000
Missouri 0038W1 Reynolds	5,000
New Mexico 0008W1 Roosevelt	5,000
Pennsylvania 0013W2 Tioga	5,000
South Carolina 0019W1 Laurens	7,000
Texas 0011W1 Kaufman	3,000
Texas 0050W1 Grayson	5,000
Texas 0085W1 Wise	4,000
Texas 0101W1 Parker	4,000
Washington 0028W1 Kittitas	5,000
Wyoming 0014W1 Laramie	8,000

JOHN M. CARMODY,
Administrator.

[F. R. Doc. 39-2338; Filed, July 6, 1939;
9:09 a. m.]

[Administrative Order No. 369]

ALLOCATION OF FUNDS FOR LOANS

JUNE 30, 1939.

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

Project designation	Amount
Alabama 0025B1 Bullock	\$107,000
Arizona 0014G1 Cochise	120,000
Arkansas 0027A1 Ouachita	126,000
Georgia 0039C1 Hart	162,000
Georgia 0088B1 Telfair	90,000
Illinois 0044G1 Carroll	75,000
Illinois 0046A1 Madison	339,000
Lowa 0021B1 Guthrie	255,000
Kentucky 0021E1 Nelson	19,000
Kentucky 0031C1 Union	64,000
Kentucky 0038B1 Fulton	16,000
Kentucky 0040B2 Jessamine	12,000
Minnesota 0035C1 Brown	128,000
Mississippi 0023D1 Copiah	62,000
Missouri 0026B1 Ralls	57,000
North Carolina 0021C1 Sampson	90,000
Ohio 0086C1 Guernsey	170,000
Pennsylvania 0022A1 Jefferson	212,000
South Carolina 0023A1 Dorchester	149,000
Texas 0038D1 Hill	42,000
Wyoming 0017A1 S. E.	24,000

JOHN M. CARMODY,
Administrator.

[F. R. Doc. 39-2339; Filed, July 6, 1939;
9:09 a. m.]

SECURITIES AND EXCHANGE COMMISSION.

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 30th day of June, A. D. 1939.

[File Nos. 31-140, 31-390, 31-391]

IN THE MATTER OF THE APPLICATIONS OF NORTHERN NATURAL GAS COMPANY

ORDER DENYING APPLICATIONS

Northern Natural Gas Company, having filed applications under Section 2 (a) (8) of the Public Utility Holding Company Act of 1935 for orders declaring it not to be a subsidiary of Lone Star Gas Corporation, The United Light and Railways Company and The United Light and Power Company, and North American Light & Power Company and The North American Company; a joint hearing on said applications having been duly held; the record in these matters having been duly considered; and the Commission having made appropriate findings;

It is ordered, That each of said applications be and hereby is denied.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 39-2350; Filed, July 6, 1939;
11:25 a. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 6th day of July, A. D. 1939.

[File No. 37-38]

IN THE MATTER OF SUBSIDIARY SERVICE CORPORATION

NOTICE OF AND ORDER FOR HEARING

A declaration pursuant to section 13 of the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named party;

It is ordered, That a hearing on such matter be held on July 24, 1939, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW, Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Charles S. Moore or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to

FEDERAL REGISTER, Friday, July 7, 1939

preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before July 19, 1939.

The matter concerned herewith is in regard to a declaration on Form U-13-1 seeking Commission approval of its conduct of business as a subsidiary service company for certain associate companies in the Midland United Company System.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 39-2351; Filed, July 6, 1939;
11:25 a. m.]

*United States of America—Before the
Securities and Exchange Commission*

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 6th day of July, A. D. 1939.

[File No. 37-3]

**IN THE MATTER OF MIDLAND SUBSIDIARY
CORPORATION**

NOTICE OF AND ORDER FOR HEARING

An amended declaration on Form U-13-1 pursuant to section 13 of the Public Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named party; and

The Commission having reason to believe that the conditions which led to its order of approval dated July 31, 1936 have changed and that said order should be amended, modified, or rescinded;

It is ordered, That a hearing on such matter be held on July 25, 1939, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW, Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Charles S. Moore or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c)

of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before July 20, 1939.

The matter concerned herewith is in regard to an amended declaration setting forth, and requesting approval of, certain changes effected by Midland Subsidiary Corporation which render its present organization and conduct of business different from its organization and conduct of business as approved by the Commission in its order of approval dated July 31, 1936; and an action by the Commission to determine whether, by reason of the changes in the conditions which led to its order of approval and the changes in organization and conduct of business of Midland Subsidiary Corporation, said order should be amended, modified, or rescinded.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 39-2352; Filed, July 6, 1939;
11:25 a. m.]

*United States of America—Before the
Securities and Exchange Commission*

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 30th day of June, A. D. 1939.

[File No. 32-133]

IN THE MATTER OF NORTHWESTERN ILLINOIS UTILITIES, AMERICAN UTILITIES SERVICE CORPORATION

**ORDER RELATIVE TO ISSUE AND SALE OF
NOTES, ETC.**

Northwestern Illinois Utilities, a subsidiary of American Utilities Service Corporation, a registered holding company, having filed an amended application pursuant to Section 6 (b) of the Public Utility Holding Company Act of 1935, regarding the issuance to American Utilities Service Corporation, of its 6% unsecured note, or notes, in the principal amount of \$500,000, to be dated as of November 1, 1938 and to mature November 1, 1964;

American Utilities Service Corporation having filed an application pursuant to Section 10 for approval of the acquisition by it of the aforesaid note or notes;

American Utilities Service Corporation having also filed an application pursuant to Rule U-12D-1 of the General Rules and Regulations under said Act for approval of the pledge by it of the aforesaid note or notes;

A hearing upon said applications as amended having been held¹ after appropriate notice, and the Commission having considered the record in this matter and having made and filed its findings herein;

It is ordered, That the issue and sale of the aforesaid 6% unsecured note or notes in the principal amount of \$500,000 by Northwestern Illinois Utilities be, and the same hereby is, exempted from the provisions of Section 6 (a) of the Act;

It is further ordered, That the acquisition and pledge of the aforesaid note or notes by American Utilities Service Corporation be, and the same hereby is, approved;

It is further ordered, That this Order be subject to the following terms and conditions:

(1) That all acts in connection with said applications as amended shall be performed in all respects as set forth in, and for the purposes represented by, said applications; and

(2) That in the event that the order of the Illinois Commerce Commission authorizing the issuance of the aforesaid note or notes and the delivery of such note or notes to American shall be revoked, rescinded, or otherwise terminated the exemption granted herein shall immediately terminate without further notice or order of this Commission; and

(3) That within ten days after the issuance of the note or notes referred to herein and the acquisition and pledge of such note or notes by American the applicants shall respectively file with this Commission certificates of notification showing that such issuance and sale and acquisition and pledge have been effected in accordance with the terms and conditions of, and for the purposes represented by, said applications.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 39-2353; Filed, July 6, 1939;
11:26 a. m.]

*United States of America—Before the
Securities and Exchange Commission*

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 6th day of July, A. D. 1939.

[File No. 32-154]

IN THE MATTER OF NEW ENGLAND POWER COMPANY, CONNECTICUT RIVER POWER COMPANY, BELLows FALLS HYDRO-ELECTRIC CORP., NEW ENGLAND POWER ASSOCIATION

NOTICE OF AND ORDER FOR HEARING

Applications pursuant to sections 6 (b), 10 and Rule U-12F-1 of the Public

¹ 4 FR. 1188 DI.

Utility Holding Company Act of 1935, having been duly filed with this Commission by the above-named parties;

It is ordered. That a hearing on such matter be held on July 24, 1939, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue, NW, Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered. That Raoul Berger or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice to continue or postpone said hearing from time to time.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding

shall file a notice to that effect with the Commission on or before July 19, 1939.

The matter concerned herewith is in regard to the following applications:

(1) An application by New England Power Company, a Massachusetts corporation and a subsidiary of New England Power Association, a registered holding company, pursuant to Section 6 (b) of said Act concerning the issue and sale of applicant's First Mortgage Bonds, Series B (bearing interest at a rate not exceeding 3½%), due August 15, 1969, in the principal amount of \$9,650,000 and not exceeding 112,724 shares of applicant's common capital stock, \$25 par value. The bonds will be sold following a published invitation for proposals for purchase made pursuant to Chapter 164, Section 15 of the General Laws of Massachusetts. The net proceeds of the sale of the bonds will be used by said applicant:

(a) as part of the purchase price of the fixed property and franchises of Bellows Falls Hydro-Electric Corporation, a Vermont corporation and a subsidiary of New England Power Association, and

(b) to purchase the portion of the so-called Bellows Falls-Pratts Junction Transmission Line, owned by Connecticut River Power Company, a New Hampshire corporation and also a subsidiary of New England Power Association and located in the state of New Hampshire.

The proposed stock will be issued to Bellows Falls Hydro-Electric Corporation on the basis of \$30 a share as the remainder of the purchase price for the property of that company to be acquired.

(2) An application by Bellows Falls Hydro-Electric Corporation pursuant to Rule U-12F-1 under said Act for approval of the sale of its assets to New England Power Company as described above.

(3) An application by Bellows Falls Hydro-Electric Corporation pursuant to Section 10 of said Act for approval of the acquisition by it of the shares of common stock of New England Power Company proposed to be issued.

(4) An application by Connecticut River Power Company pursuant to Rule U-12F-1 under said Act for approval of the sale of certain of its assets to New England Power Company as described above.

(5) Applications by New England Power Association for any orders with respect to it which the Securities and Exchange Commission may deem necessary in connection with the sales by Bellows Falls Hydro-Electric Corporation and Connecticut River Power Company as described above.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,
Secretary.

[F. R. Doc. 39-2355; Filed, July 6, 1939;
12:01 p. m.]

