

FEDERAL REGISTER

THE NATIONAL ARCHIVES
LITTERA
SCRIPTA
MANET
OF THE UNITED STATES
1934

VOLUME 26 NUMBER 93

Washington, Tuesday, May 16, 1961

Contents

Agricultural Marketing Service

NOTICES:

Cabbage; notice of purchase program BMP 45a..... 4214

Danville, Virginia, and Winston-Salem, North Carolina, tobacco markets; applications for tobacco inspection and price support services for additional sales; notice of public hearings..... 4214

RULES AND REGULATIONS:

Filberts grown in Oregon and Washington; miscellaneous amendments..... 4191

Agriculture Department

See Agricultural Marketing Service; Commodity Stabilization Service.

Civil Aeronautics Board

NOTICES:

Cunard Eagle Airways, Ltd.; notice of prehearing conference..... 4214

International Air Transport Association; agreements relating to specific commodity rates..... 4214

PROPOSED RULE MAKING:

Classification and exemption of indirect air carriers; preparation of air waybills and manifests by air freight forwarders..... 4211

RULES AND REGULATIONS:

Terms, conditions and limitations of certificates of public convenience and necessity; foreign air transportation; repeal of provisions which require filing of nonstop notices..... 4193

Uniform system of accounts and reports for certificated route air carriers (see Part II of this issue).

Civil Service Commission

RULES AND REGULATIONS:

Defense Department; exception from the competitive service.... 4191

Commodity Stabilization Service

PROPOSED RULE MAKING:

Milk in certain designated marketing areas:

Lubbock-Plainview, Tex..... 4198

New York-New Jersey..... 4198

Wichita, Kans..... 4211

Customs Bureau

NOTICES:

Certain electrical energy units; tariff classification..... 4213

Federal Aviation Agency

NOTICES:

Radio antenna structure construction; no airspace objections..... 4215

PROPOSED RULE MAKING:

Alteration of restricted area; reopening of comment period.... 4212

RULES AND REGULATIONS:

Control zones; alterations (2 documents)..... 4194

Federal airway, positive control route segment and reporting point; alteration..... 4194

Minimum en route IFR altitudes; miscellaneous amendments.... 4194

Food and Drug Administration

PROPOSED RULE MAKING:

Food additives; notice of filing of petition..... 4211

RULES AND REGULATIONS:

Food additives; stearyl-2-lactylic acid permitted in food for human consumption..... 4197

Health, Education, and Welfare Department

See Food and Drug Administration.

Immigration and Naturalization Service

PROPOSED RULE MAKING:

Uniform manifest procedure for passengers; extension of time in which to submit representations..... 4198

Interior Department

See Land Management Bureau; National Park Service; Reclamation Bureau.

Interstate Commerce Commission

NOTICES:

Motor carrier transfer proceedings..... 4219

Justice Department

See Immigration and Naturalization Service.

Land Management Bureau

NOTICES:

Wyoming; notice of proposed withdrawal and reservation of lands..... 4213

National Park Service

PROPOSED RULE MAKING:

Grand Canyon National Park, Arizona; travel on park waters.... 4198

Reclamation Bureau

NOTICES:

Columbia Basin Project, Washington; public announcement of sale of full-time farm units (5 documents)..... 4213, 4214

Securities and Exchange Commission

NOTICES:

Hearings, etc.:

Cambridge Growth Fund, Inc. (2 documents)..... 4215

Granite City Generating Co. et al..... 4216

Isthmus Steamship and Salvage Co., Inc..... 4217

(Continued on next page)

Small Business Administration**NOTICES:**

Assistant Administrator (Management); delegation relating to management and size standards ----- 4217

Declaration of disaster areas:

Arkansas (3 documents) --- 4218, 4219
Connecticut ----- 4218

Oklahoma ----- 4218
Texas ----- 4219

RULES AND REGULATIONS:

Business loans; miscellaneous amendments ----- 4192

Treasury Department

See Customs Bureau.

Codification Guide

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published in today's issue. A cumulative list of parts affected, covering the current month to date, appears at the end of each issue beginning with the second issue of the month.

Monthly, quarterly, and annual cumulative guides, published separately from the daily issues, include the section numbers as well as the part numbers affected.

5 CFR

6 ----- 4191

7 CFR

997 ----- 4191

PROPOSED RULE MAKING:

927 ----- 4198
964 ----- 4198
968 ----- 4211

8 CFR**PROPOSED RULES:**

231 ----- 4198
299 ----- 4198

13 CFR

122 ----- 4192

14 CFR

203 ----- 4193

241 (see Part II of this issue).

600 ----- 4194
601 (3 documents) ----- 4194
610 ----- 4194

PROPOSED RULES:

296 ----- 4211
608 ----- 4212

21 CFR

121 ----- 4197

PROPOSED RULES:

121 ----- 4211

36 CFR**PROPOSED RULES:**

7 ----- 4198

Now Available

Public Papers of the Presidents

+

**Containing Public Messages,
Speeches and Statements,
Verbatim News Conferences**

+

**Volumes for the following
years are now available:**

1953 -----	\$6.75
1954 -----	7.25
1955 -----	6.75
1956 -----	7.25
1957 -----	6.75
1958 -----	8.25
1959 -----	7.00
1960-61 -----	7.75

Published by the Office of the Federal Register, National Archives and Records Service, General Services Administration

Order from Superintendent of Documents, United States Government Printing Office, Washington 25, D.C.



Telephone

WOrth 3-3261

FEDERAL REGISTER Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Office of the Federal Register, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U.S.C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D.C.

The FEDERAL REGISTER will be furnished by mail to subscribers, free of postage, for \$1.50 per month or \$15.00 per year, payable in advance. The charge for individual copies (minimum 15 cents) varies in proportion to the size of the issue. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D.C.

The regulatory material appearing herein is keyed to the CODE OF FEDERAL REGULATIONS, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended August 5, 1953. The CODE OF FEDERAL REGULATIONS is sold by the Superintendent of Documents. Prices of books and pocket supplements vary.

There are no restrictions on the republication of material appearing in the FEDERAL REGISTER, or the CODE OF FEDERAL REGULATIONS.

Rules and Regulations

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

Department of Defense

Effective upon publication in the FEDERAL REGISTER, subparagraph (36) is added to paragraph (a) of § 6.304 as set out below.

§ 6.304 Department of Defense.

(a) *Office of the Secretary.* * * *

(36) One Special Assistant (Economics Adjustment Advisor) to the Assistant Secretary of Defense (Installations and Logistics).

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

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] MARY V. WENZEL,
*Executive Assistant to
the Commissioners.*

[F.R. Doc. 61-4484; Filed, May 15, 1961;
8:49 a.m.]

Title 7—AGRICULTURE

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

PART 997—FILBERTS GROWN IN OREGON AND WASHINGTON

Subpart—Administrative Rules and Regulations

Notice was published in the FEDERAL REGISTER of March 25, 1961 (26 F.R. 2570) that consideration was being given to a revision of administrative rules and regulations (Subpart—Administrative Rules and Regulations §§ 997.400–997.457) pertaining to operations under Marketing Agreement No. 115, as amended, and Order No. 97, as amended (7 CFR Part 997), regulating the handling of filberts grown in Oregon and Washington. Said amended marketing agreement and order are effective under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (secs. 1–19, 48 Stat. 31, as amended; 7 U.S.C. 601–674). The notice afforded interested persons an opportunity to file data, views, and arguments concerning the proposed rules and regulations; and views were received from the Filbert Control Board (established pursuant to the amended marketing agreement and order, and which recommended the proposed rules and regulations) with respect to proposed § 997.450(b).

After consideration of all relevant matters presented, including the proposal in said notice, it is hereby found that the administrative rules and regulations hereinafter set forth will tend to effectuate the declared policy of the act.

Therefore, the administrative rules and regulations (Subpart—Administrative Rules and Regulations §§ 997.400–997.457) are revised to read as follows:

Subpart—Administrative Rules and Regulations

Sec.	
997.432	Nominations.
997.446	Inspection documentation.
997.450	Application of restricted obligation.
997.452	Disposition of restricted filberts.
997.453	Disposition of small size filberts.
997.454	Sureties acceptable to the Board.
997.455	Exchange of certified merchantable filberts withheld.
997.456	Interhandler transfers.
997.457	Quantity exemption.
997.458	Reports of inshell filberts handled and withheld.
997.459	Report of filbert receipts, disposition and inventory.
997.471	Records.

AUTHORITY: §§ 997.432 to 997.471 issued under secs. 1–19, 49 Stat. 31, as amended; 7 U.S.C. 601–674.

§ 997.432 Nominations.

Nominee petitions pursuant to § 997.32 (d) may be submitted only by independent growers in the particular district from which an independent grower position on the Board is to be filled and only such growers shall be eligible to sign a grower nominee petition or be nominated for such a member or alternate member position on the Board.

§ 997.446 Inspection documentation.

(a) The Board shall provide all inspection seals, tags, and stamps that are required to be affixed to filbert containers as provided in § 997.46(b).

(b) The required identification shall be affixed to the containers of certified filberts by the handler as soon as practicable after certification, as follows:

(1) If such filberts are packed in bags, a “free” or “restricted” seal, as appropriate, shall be fastened over the closure seam of each bag, except that a tag may be used temporarily as authorized in subparagraph (3) of this paragraph.

(2) If such filberts are packed in cartons, each carton shall be marked with a “free” or “restricted” stamp, as appropriate.

(3) Tags shall be used temporarily to identify a lot of certified filberts when held for further processing or packing. The tags shall be affixed to individual units of the lot (e.g., bags, tote boxes, bins, and pallet loads) or to the entire lot. The information on each tag shall identify the filberts covered thereby and shall show, among other things: the quantity, by weight of the filberts; handler's lot number; the date of inspection; whether merchantable or ungraded; whether “restricted”; and the number and type of containers in the lot.

§ 997.450 Application of restricted obligation.

(a) Each handler required to withhold restricted filberts pursuant to § 997.50, or § 997.51, shall hold such filberts separate from all other filberts and shall maintain the identity of each lot so withheld.

(b) Each handler making the election pursuant to § 997.50(c) in connection with certified merchantable filberts which have not been handled, shall thereupon give written notification to the Board of the particular election and of the weight and identity of the filberts involved.

(c) Pursuant to § 997.50(d), a handler may withdraw from withholding restricted filberts in excess of his restricted obligation upon advising the Board of the weight and lot identity of the filberts to be withdrawn. When the quantity of restricted filberts to be withdrawn from withholding consists of a part of a lot of ungraded filberts no part of such lot shall be withdrawn unless the remainder of such lot is reinspected and meets the requirements of § 997.51.

§ 997.452 Disposition of restricted filberts.

(a) *Shelling.* (1) Any person desiring to shell restricted filberts during a fiscal year may do so upon being designated by the Board as an authorized sheller for such year. Application for such designation shall be made in duplicate on FCB form 3 and include, in addition to the conditions specified in § 997.52(a), the following: (i) The location of the applicant's shelling operation; (ii) the number of years he has operated a filbert shelling plant; and (iii) the daily (8-hour) shelling capacity of the plant. Designation of an authorized sheller shall be effected by the board manager signing the application form and returning a signed copy of the form to the applicant. Each such designation shall continue in effect during the particular fiscal year so long as the authorized sheller is in compliance with the requirements and conditions pursuant to § 997.52 applicable to authorized shellers.

(2) When an authorized sheller completes the shelling of a lot of restricted filberts, he shall submit a report thereon to the Board on FCB Form 4 showing: (i) The date shelling was completed; (ii) the inspection certificate or lot number; (iii) the quantity shelled; (iv) the weight of the kernels produced; and (v) the location where the restricted filberts were held immediately prior to shelling.

(b) *Exports.* Any handler who desires to act as agent of the Board in negotiating export sales of certified merchantable restricted filberts may do so upon the execution of an “Export Agreement” wherein the handler agrees, among other things, to negotiate such export sales at not less than such price as the Board may prescribe, and in conformity to and compliance with the

other terms and conditions of the Export Agreement.

(c) *Other authorized outlets.* Under the direction or supervision of the Board, a handler may dispose of restricted filberts for charitable purposes and for promoting the consumption of filberts on behalf of the filbert industry in general. The report required under § 997.67 (b) following each such disposition shall be accompanied by a certification by the person receiving such filberts from the handler that they will be used for charitable or promotional purposes, as authorized.

§ 997.453 Disposition of small size filberts.

Any inshell filberts that are substandard only because they are small size, as the term "small size" is defined in the Oregon Grades and Standards for Walnuts and Filberts, may be disposed of in export in the same manner and under the same conditions and procedures pursuant to § 997.52(b) for sales in export of certified merchantable restricted filberts. Such small size filberts are not eligible for restricted credit.

§ 997.454 Sureties acceptable to the Board.

Bonds secured by cash, cashier's or certified checks, or by assets that are entirely separate and apart from the handler named in the bond may be accepted by the Board pursuant to § 997.54 (a). As a condition of accepting any surety, the Board may require such financial statements or other information relating to the ability of such surety to guarantee a handler's bond as it deems necessary.

§ 997.455 Exchange of certified merchantable filberts withheld.

Each handler desiring to exchange filberts pursuant to § 997.55 shall prior thereto file a written notification with the Board setting forth for the respective quantities of filberts involved in the exchange, the inspection certificate numbers, quantities, locations, and applicable lot numbers.

§ 997.456 Interhandler transfers.

Each interhandler transfer of filberts pursuant to § 997.56 (a) and (c) may be made upon notification to the Board in triplicate by the receiving handler on FCB form 9 signed by both the transferring handler and the receiving handler which shall include the following information: (a) Date of transfer; (b) names of the transferring and receiving handlers; (c) locations between which the filberts were transferred; (d) whether uncertified inshell or certified merchantable; (e) net weight of the filberts transferred, by size and variety; (f) the inspection certificate, or lot number covering the filberts; and (g) if certified merchantable, the name of the handler responsible for compliance with the applicable requirements pursuant to this part relating to such filberts.

§ 997.457 Quantity exemption.

Any handler handling up to, but not to exceed, a total of 250 pounds of inshell filberts during any fiscal year, may handle such filberts free from the inspection

and certification, restricted obligation, assessment, and reporting requirements of this part.

§ 997.466 Reports of inshell filberts handled and withheld.

At the end of each month, each handler shall report to the Board on FCB form 1 the respective quantities of inshell filberts handled and withheld since the last report, except that such reports shall be submitted each Thursday for weekly shipments through the preceding Wednesday with respect to any such filberts handled and withheld during October, November, and through the Wednesday subsequent to December 15. The quantities handled shall be reported by size and the respective quantities of merchantable and ungraded filberts withheld shall be reported separately.

§ 997.468 Report of filbert receipts, disposition, and inventory.

On or before January 15 and August 5 each handler shall (a) report to the Board on FCB form 7 his receipts and disposition of inshell filberts and production of filbert kernels during the respective preceding periods of August 1–December 31, and August 1–July 31, and (b) report to the Board on FCB form 6 his inventory of filberts as of January 1 and August 1, respectively, showing the quantities of inshell filberts separately in terms of certified merchantable, graded uncertified merchantable, restricted, ungraded and substandard. The certified merchantable filberts shall be reported on the basis of whether located within or outside the production area and whether or not the restricted obligation has been met.

§ 997.471 Records.

Each handler shall maintain complete and accurate records showing the receipt, shipment and sale of all filberts handled, used or otherwise disposed of and shall retain such records for the two-year period prescribed in § 997.71. Handlers shall also maintain a current record of all filberts held in inventory.

Dated: May 11, 1961, to be effective 30 days after publication in the FEDERAL REGISTER.

FLOYD F. HEDLUND,
Deputy Director, Fruit and
Vegetable Division, Agricultural
Marketing Service.

[F.R. Doc. 61-4487; Filed, May 15, 1961;
8:50 a.m.]

Title 13—BUSINESS CREDIT AND ASSISTANCE

Chapter I—Small Business Administration

[Amdt. 1]

PART 122—BUSINESS LOANS

Miscellaneous Amendments

The Small Business Administration Business Loan Regulation (23 F.R. 10520) is hereby amended by: Adding an addi-

tional sentence to the end of §§ 122.7-4, 122.7-5, and 122.7-6:

§ 122.7-4 Deferred participation loans.

Deferred participation loans are those in which a bank or other private credit institution advances the capital needed, and SBA agrees to purchase, upon demand by the lending institution, an agreed portion of the unpaid balance. SBA's participation in a deferred participation loan is limited to a maximum of 90 percent of the amount of the approved loan. In such loans, SBA makes a charge to the lending institution based on a sliding scale, depending upon the percentage of the loan which it is obligated to purchase. The participation charges, which shall not be borne by the borrower, are as follows: (a) For an amount not in excess of 50 percent of the loan, ½ percent per annum on the portion of the loan which SBA is obligated to purchase; (b) for an amount in excess of 50 percent of the loan, but not in excess of 75 percent of the loan, ¾ percent per annum on the portion of the loan which SBA is obligated to purchase; and (c) for an amount in excess of 75 percent of the loan, but not in excess of 90 percent of the loan, 1 percent on the portion of the loan which SBA is obligated to purchase. After SBA has purchased its share of the loan, the interest on SBA's share will not exceed 5½ percent. The participating institution may establish the interest rate on the loan, provided it is legal and reasonable. If the participating institution establishes a rate of interest less than 5½ percent, SBA will initially adopt the lower rate on its share provided it is not less than 5 percent per annum. *Provided, however,* If at the time of disbursement the small-business concern will use the loan funds in the establishment or operation of its business located in an Area of Substantial Labor Surplus, as such area is defined in Part 121 of this section, the interest rate on SBA's share of such assistance shall not exceed 4 percent per annum.

§ 122.7-5 Immediate participation loans.

Immediate participation loans are those where either SBA or the private lending institution agrees to purchase from the other, immediately upon disbursement, an agreed percentage on each disbursement. SBA's participation in an immediate participation loan is limited to a maximum of 90 percent of the amount of the approved loan. Interest on the portion of the loan purchased by SBA shall not exceed 5½ percent per annum. The participating institution may establish the interest rate on its portion provided it is legal and reasonable. If the participating institution initially establishes a rate of interest less than 5½ percent, SBA will adopt the lower rate on its share provided it is not less than 5 percent per annum. An immediate participation loan may not be made if a deferred participation is available. *Provided, however,* if at the time of disbursement the small-business concern will use the loan funds in the establishment or operation of its business located in an Area of Substantial Labor Surplus, as such area is defined in Part

121 of this section, the interest rate on SBA's share of such assistance shall not exceed 4 percent per annum.

§ 122.7-6 Direct loans.

Direct loans are those made wholly and directly by SBA to the borrower when no participation by a lending institution is available. Interest on direct loans will be charged at the rate of 5½ percent per annum. Provided, however, if at the time of disbursement the small-business concern will use the loan funds in the establishment or operation of its business located in an Area of Substantial Labor Surplus, as such area is defined in Part 121 of this section, the interest rate on such assistance shall not exceed 4 percent per annum.

Dated: April 19, 1961.

JOHN E. HORNE,
Administrator.

[F.R. Doc. 61-4471; Filed, May 15, 1961;
8:48 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter II—Civil Aeronautics Board

SUBCHAPTER A—ECONOMIC REGULATIONS

[Reg. No. ER-330]

PART 203—TERMS, CONDITIONS AND LIMITATIONS OF CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY; FOREIGN AIR TRANSPORTATION

Repeal of Provisions Which Require Filing of Nonstop Notices

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 11th day of May 1961.

A notice of proposed rule making was issued on December 23, 1960 (25 F.R. 13984, Docket 12007), proposing to repeal those provisions of Part 203 of the Economic Regulations which require the filing of Nonstop Notices in Foreign Air Transportation by United States flag carriers.

Interested persons have been afforded an opportunity to participate in the making of this amendment, and due consideration has been given to all relevant matter presented. Industry comments were received from two air carriers. One urged that the Board adopt the amendments as proposed. The other opposed rescission of the notice requirement and attendant opportunity for disapproval of the nonstop service by the Board substantially on the grounds that (1) the filing of such notices was not a heavy administrative burden, (2) adverse competitive effects between carriers might arise upon inauguration of such nonstop flights, and (3) difficulties might arise concerning relations with foreign governments.

The Board does not find that these contentions call for continuation of the present filing requirements. However,

in view of the Board's finding in Order E-16490 of March 9, 1961, wherein a carrier was not permitted to inaugurate a nonstop service in the South American area,¹ the Board believes that the current nonstop notice procedure should not be presently abandoned with respect to the South American area. As to all other foreign air transportation conducted by U.S. carriers, the Board believes that the subject notice requirements should be removed. The Board finds that though such filings present few problems, they have cost the carriers and the government much in the way of time and paper work. Furthermore, though the Board recognizes that the nature of the South American route structure is such as to magnify the competitive impact of nonstop service, it believes that the present day long-range potential of jet equipment makes nonstop restrictions in all other areas unsound. Finally, the Board believes that the few instances where the conduct of nonstop flights by U.S. carriers could affect existing intergovernmental arrangements are isolated and elimination of the filing requirement would not adversely affect the resolution of the infrequent problems which may arise in such cases.

In consideration of the foregoing, the Civil Aeronautics Board hereby amends Part 203 of the Economic Regulations (14 CFR Part 203) effective June 14, 1961, as follows:

1. By amending § 203.3 as follows:

a. By inserting a new paragraph "(a)" to read as follows:

§ 203.3 Nonstop service.

(a) Except as provided in paragraph (b) of this section, the holder of a certificate may, subject to the provisions of section 405(b) of the Act, inaugurate scheduled nonstop service between any two points not consecutively named in its certificate or approved service plan (if such certificate or approved service plan authorizes service between such points and does not prohibit nonstop service between them) upon the effective date of a scheduled page, showing nonstop service, filed with the Board in accordance with Part 231 of this chapter.

b. By redesignating present paragraph "(a)" as "(b)".

c. By inserting the phrase "to or from a point in South America" immediately following the words "scheduled nonstop service" in the first sentence of newly designated paragraph (b).

d. By striking the present designation, paragraph "(b)", and providing that the wording therein become part of newly designated paragraph (b) in the following manner:

¹ In Order E-16490 the Board said: "The Latin American area is the only major transportation area whose service needs and competitive patterns have not been reviewed by the Board since the inception of competitive service. The nature of the route structure is such as to magnify the competitive impact of nonstop service, and it is our view that no significant service alterations should be made pending a review of the South American route structure."

(b) If at any time the holder of a certificate desires to render a scheduled non-stop service to or from a point in South America * * * a period of at least 45 days. Such nonstop service may be inaugurated upon the expiration of 20 days * * *.

2. By amending § 203.4 to read as follows:

§ 203.4 Requirements of foreign countries.

(a) If at any time the holder of a certificate is required, in order to comply with any obligation, duty, or liability imposed by any foreign country (other than any obligation, duty, or liability arising out of a contract or other agreement entered into between an air carrier or any officer, or representative thereof, and any foreign country, if such contract or agreement shall have been disapproved by the Board as being contrary to the public interest):

(1) To inaugurate scheduled nonstop service to or from a point in South America omitting one or more of the intermediate points named in the certificate or included in the approved service plan and situated in one or more foreign countries; or

(2) To add a stop at a point not named in the certificate, or not included in the approved service plan, and situated in such foreign country; or

(3) To change the terminal point in such foreign country;

such holder shall file with the Board written notice of such requirement.

(b) Such notice shall be filed within 20 days after the air carrier shall have been advised of such requirement, shall be conspicuously entitled Notice of Nonstop Service Required by Foreign Country, Notice of Additional Stop Required by Foreign Country, or Notice of Terminal Change Required by Foreign Country, as the case may be, and shall fully set forth the facts and circumstances relating to such requirement. At the time such notice is filed with the Board a copy thereof shall be served by the holder upon such persons as the Board may require. Such service may be inaugurated immediately upon the filing of such notice and may be continued unless and until the Board, after notice and public hearing, shall disapprove such service as being contrary to the public interest, or unless and until the Board shall find, after investigation, that such requirement of the foreign country is not in effect.

3. By deleting the phrase "section 405 (e)" wherever found in Part 203 and inserting in lieu thereof the phrase "section 405(b)".

(Sec. 204(a), 72 Stat. 743; 49 U.S.C. 1324. Interpret or apply sec. 401, 72 Stat. 754; 49 U.S.C. 1371)

By the Civil Aeronautics Board.

[SEAL]

JAMES L. DEEGAN,
Acting Secretary.

[F.R. Doc. 61-4482; Filed, May 15, 1961;
8:49 a.m.]

Chapter III—Federal Aviation Agency

SUBCHAPTER E—AIR NAVIGATION
REGULATIONS

[Airspace Docket No. 61-WA-56]

PART 600—DESIGNATION OF
FEDERAL AIRWAYSPART 601—DESIGNATION OF CON-
TROLLED AIRSPACE, REPORTING
POINTS, POSITIVE CONTROL ROUTE
SEGMENTS, AND POSITIVE CON-
TROL AREASAlteration of Federal Airway, Positive
Control Route Segment and Re-
porting Point

In Airspace Docket No. 60-WA-53, published in the FEDERAL REGISTER on February 4, 1961 (26 F.R. 1079), the Federal Aviation Agency adopted amendments to Parts 600 and 601 of the regulations of the Administrator which implemented the Intermediate altitude airway system and modified the Federal airway system. It is now indicated that certain minor corrections to the rules adopted in that docket are necessary in the interest of consistency and conformity.

These corrections alter a radial in a positive control route segment two degrees to conform to an airway; change a radial forming an intersection four degrees to place the intersection over an airway; and narrow a segment of an intermediate altitude airway to conform with a coincident airway segment.

Since these amendments are minor in nature and impose no additional burden on any person, notice and public procedure hereon are unnecessary and they may be made effective immediately.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (25 F.R. 12582), the following actions are taken:

1. In § 600.1531 (26 F.R. 1084) VOR Federal airway No. 1531 (Dallas, Tex., to Denver, Colo.), "to the Denver, Colo., VOR." is deleted and "thence 10-mile wide airway to the Denver, Colo., VOR." is substituted therefor.

2. In § 601.7003 (26 F.R. 1093) Intermediate Altitude VOR reporting points, Junction City, Ga., INT, "Macon, Ga., VOR 267°" is deleted and "Macon, Ga., VOR 271°" is substituted therefor.

3. In § 601.8001 (26 F.R. 601.8001) Positive Control Route Segments, VOR Federal airway No. 1522 (Los Angeles, Calif., to New York, N.Y.), "Los Angeles, Calif., VOR 057°" is deleted and "Los Angeles, Calif., VOR 059°" is substituted therefor.

These amendments shall become effective upon the date of publication in the FEDERAL REGISTER.

(Sec. 307(a), 72 Stat. 749; 49 U.S.C. 1348)

Issued in Washington, D.C., on May 9, 1961.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 61-4453; Filed, May 15, 1961;
8:45 a.m.]

[Airspace Docket No. 61-KC-19]

PART 601—DESIGNATION OF CON-
TROLLED AIRSPACE, REPORTING
POINTS, POSITIVE CONTROL ROUTE
SEGMENTS, AND POSITIVE CON-
TROL AREAS

Alteration of Control Zone

The purpose of this amendment to § 601.2319 of the regulations of the Administrator is to alter the time of designation of the Kalamazoo, Mich., control zone.

The Kalamazoo control zone is presently designated during the period from 0600 hours to 2300 hours local standard time, Monday through Saturday and from 0700 hours to 2300 hours local standard time, Sunday. This designation has been contingent upon the presence of qualified weather reporting personnel.

The Federal Aviation Agency control tower personnel at Kalamazoo have recently been qualified to take official weather observations and will provide the required weather reporting service at the Kalamazoo airport. However, the Kalamazoo control tower operates 16 hours per day (0700-2300), seven days a week. Therefore, action is taken herein to designate the hours of operation of the Kalamazoo control zone from 0700 through 2300 hours local standard time, daily.

Since this amendment is minor in nature and imposes no additional burden on any person, notice and public procedure hereon are unnecessary and it may be made effective immediately.

In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator (25 F.R. 12582) the following action is taken: In the text of § 601.2319 (26 F.R. 717) "during the period from 0600 hours to 2300 hours local standard time, Monday through Saturday and from 0700 hours to 2300 hours local standard time, Sunday." is deleted and "during the period from 0700 to 2300 hours local standard time, daily." is substituted therefor.

This amendment shall become effective upon the date of publication in the FEDERAL REGISTER.

(Sec. 307(a), 72 Stat. 749; 49 U.S.C. 1348)

Issued in Washington, D.C., on May 9, 1961.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 61-4451; Filed, May 15, 1961;
8:45 a.m.]

[Airspace Docket No. 61-WA-53]

PART 601—DESIGNATION OF CON-
TROLLED AIRSPACE, REPORTING
POINTS, POSITIVE CONTROL ROUTE
SEGMENTS, AND POSITIVE CON-
TROL AREAS

Alteration of Control Zone

The purpose of this amendment to § 601.2189 of the regulations of the Ad-

ministrator is to alter the description of the Olathe, Kans., control zone.

The Olathe control zone is presently described, in part, as bounded on the northwest by a segment of Green Federal airway No. 4. This segment of Green 4 was revoked effective April 6, 1961 (Airspace Docket No. 60-KC-81, 26 F.R. 1442). Therefore, it is necessary to redescribe this boundary by geographical coordinates. This amended description will not alter the airspace encompassed by the Olathe control zone.

Since this amendment is editorial in nature and imposes no additional burden on any person, notice and public procedure hereon are unnecessary and it may be made effective immediately.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (25 F.R. 12582), § 601.2189 (14 CFR 601.2189) is amended to read:

§ 601.2189 Olathe, Kans., control zone.

Within a 10-mile radius of the Olathe NAS and within 2 miles either side of the S course of the Olathe Navy RR extending from the 10-mile radius zone to a point 10 miles S of the RR, excluding that portion NW of a line between latitude 38°49'30" N., longitude 95°04'20" W., and latitude 38°58'00" N., longitude 94°49'00" W.

This amendment shall become effective upon the date of publication in the FEDERAL REGISTER.

(Sec. 307(a), 72 Stat. 749; 49 U.S.C. 1348)

Issued in Washington, D.C., on May 9, 1961.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 61-4452; Filed, May 15, 1961;
8:45 a.m.]

[Reg. Docket No. 739; Amdt. 74]

PART 610—MINIMUM EN ROUTE
IFR ALTITUDES

Miscellaneous Amendments

The new minimum and maximum IFR altitudes contained herein are being adopted to insure the safety of IFR operations conducted on Federal airways. This amendment, insofar as possible, has been coordinated with interested members of the aviation industry.

As a situation exists which demands immediate action in the interest of safety, I find that compliance with the notice, public procedure and effective date provisions of the Administrative Procedure Act would be impracticable and contrary to the public interest.

In view of the foregoing and pursuant to the authority delegated to me by the Administrator (24 F.R. 5662) Part 610 is hereby amended as follows:

Section 610.16 *Green Federal airway 6* is deleted.

Section 610.627 *Blue Federal airway 27* is amended to read in part:

From *Nome, Alaska, LFR; to Kotzebue, Alaska, LFR; MEA 6,000. *3,000—MCA Nome LFR, northeastbound.

Section 610.1001 *Direct routes—U.S.* is amended to delete:

From Burbank, Calif., LFR; to Int. 277 M rad Ontario VOR and 360 M rad Long Beach VOR; MEA 4,000.

From Koko Head, T.H., VOR; to Molokai, T.H., VOR; eastbound, MEA 4,000; westbound, MEA 4,500.

Section 610.1001 *Direct routes—U.S.* is amended by adding:

From Collinsville INT, Okla.; to Bartlesville, Okla., VOR; MEA *2,200. *2,100—MOCA.

From San Luis Obispo, Calif., VOR; to Pozo INT, Calif.; MEA 8,000.

From Henrietta INT, Tex.; to Int. 157 M rad Lawton VOR and 129 M rad Wichita Falls, VORTAC; MEA *4,000. *2,100—MOCA.

From Ft. Worth, Tex., VOR; to Mineral Wells, Tex., VOR; MEA 2,700.

From Int. 305 M rad. Long Beach VOR and 323 M rad Los Angeles VOR; to Int. 096 M rad Fillmore VOR and 305 M rad Long Beach VOR; MEA 6,000.

From Burbank, Calif., LFR; to Ontario, Calif., VOR; MEA 4,000.

Section 610.6002 *VOR Federal airway 2* is amended to read in part:

From Rochester, N.Y., VOR; to *Plainville INT, N.Y.; MEA 2,000. *3,000—MRA.

From Plainville INT, N.Y.; to Syracuse, N.Y., VORTAC; MEA 2,000.

From Syracuse, N.Y., VORTAC; to Lakeport INT, N.Y.; MEA 2,000.

From Lakeport INT, N.Y.; to Utica, N.Y., VOR; MEA 3,000.

From *River Falls INT, Wis., via N alter.; to **El Paso INT, Wis., via N alter.; MEA 2,600. *2,600—MRA. **2,600—MRA.

Section 610.6003 *VOR Federal airway 3* is amended to read in part:

From Key West, Fla., VOR; to *Marathon INT, Fla.; MEA **1,500. *4,500—MRA. **1,300—MOCA.

From Marathon INT, Fla.; to Eagle INT, Fla.; MEA *4,500. *1,100—MOCA.

From Eagle INT, Fla.; to Rancho INT, Fla.; MEA *1,200. *1,100—MOCA.

From Rancho INT, Fla.; to Gary INT, Fla.; MEA 1,200.

From Bradley INT, Fla.; to Raton INT, Fla.; MEA 1,300.

From Raton INT, Fla.; to Pompano INT, Fla.; MEA 1,200.

From Pompano INT, Fla.; to West Palm Beach, Fla., VORTAC; MEA 1,400.

Section 610.6004 *VOR Federal airway 4* is amended by adding:

From Neah Bay, Wash., LFR; to Port Angeles, Wash., VOR; MEA *7,000. *4,000—MOCA.

From Port Angeles, Wash., VOR; to Jamestown INT, Wash.; eastbound, MEA 5,000; westbound, MEA 2,000.

From Jamestown INT; to Lofall INT, Wash.; MEA *7,000. *6,300—MOCA.

From Lofall INT, Wash.; to *Port Madison INT, VOR; northwestbound, MEA 5,000; southeastbound, MEA 3,000. *5,500—MRA.

From Port Madison INT, Wash.; to *Seattle, Wash., VORTAC; northwestbound, MEA 5,000; southeastbound, MEA 3,000. *4,000—MCA Seattle VOR, southeastbound.

Section 610.6006 *VOR Federal airway 6* is amended to read in part:

From Brighton INT, Ind.; to Pioneer INT, Ohio; MEA *4,000. *2,300—MOCA.

Section 610.6011 *VOR Federal airway 11* is amended to read in part:

From Ft. Wayne, Ind., VORTAC; to Pioneer INT, Ohio; MEA *3,000. *2,600—MOCA.

From Pioneer INT, Ohio; to Hudson INT, Mich.; MEA *3,500. *2,300—MOCA.

From Hudson INT, Mich.; to Salem, Mich., VOR; MEA *2,500. *2,300—MOCA.

Section 610.6012 *VOR Federal airway 12* is amended to read in part:

From *Santa Barbara, Calif., VORTAC; to Inez INT, Calif.; MEA **9,000. *7,000—MCA Santa Barbara VORTAC, eastbound. **8,000—MOCA.

From Clinton INT, Kans.; to *Shawnee INT, Kans.; MEA 2,500. *3,000—MCA Shawnee INT, eastbound.

From Wilbur INT, Ind.; to Banta INT, Ind.; MEA 2,000.

From Banta INT, Ind.; to Whiteland INT, Ind.; MEA 2,300.

From Whiteland INT, Ind.; to Shelbyville, Ind., VOR; MEA 2,000.

Section 610.6013 *VOR Federal airway 13* is amended to read in part:

From New Prague INT, Iowa, via W alter.; to Lydia INT, Minn., via W alter.; MEA *3,500. *2,400—MOCA.

From Shreveport, La., VORTAC; to *Ida INT, La.; MEA 2,100. *2,500—MRA.

From Ida INT, La.; to Texarkana, Ark., VORTAC; MEA 2,100.

Section 610.6014 *VOR Federal airway 14* is amended to read in part:

From Florida INT, Ind.; to *Coldwater INT, Ind.; MEA **6,000. *3,000—MRA. *6,000—MCA Coldwater INT, southwestbound. **2,200—MOCA.

Section 610.6016 *VOR Federal airway 16* is amended to read in part:

From Hollins, Va., VORTAC; to Gordonsville, Va., VOR; MEA 6,000.

Section 610.6017 *VOR Federal airway 17* is amended to read in part:

From Oklahoma City, Okla., VORTAC, via W alter.; to Weatherford INT, Okla., via W alter.; MEA *3,500. *2,700—MOCA.

Section 610.6018 *VOR Federal airway 18* is amended to read in part:

From Quitman, Tex., VOR; to Caddo Lake INT, Tex.; MEA 1,800.

From Marshall INT, Tex., via S alter.; to Shreveport, La., VORTAC, via S alter.; MEA 2,400.

Section 610.6020 *VOR Federal airway 20* is amended to delete:

From South Boston, Va., VOR; to Flat Rock, Va., VOR; MEA 2,000.

Section 610.6020 *VOR Federal airway 20* is amended by adding:

From South Boston, Va., VOR; to Richmond, Va., VOR; MEA 2,000.

From South Boston, Va., VOR, via N alter.; to Flat Rock, Va., VORTAC via N alter.; MEA 2,000.

From Flat Rock, Va., VORTAC via N alter.; to Richmond, Va., VOR via N alter.; MEA 2,000.

Section 610.6020 *VOR Federal airway 20* is amended to read in part:

From *Woodsboro INT, Tex., via N alter.; to **Tanner INT, Tex., via N alter.; MEA 1,500. *1,800—MRA. **1,800—MRA.

From Tanner INT, Tex., via N alter.; to Palacios, Tex., VOR via N alter.; MEA 1,500.

Section 610.6026 *VOR Federal airway 26* is amended to read in part:

From Wausau, Wis., VOR via S alter.; to Big Falls INT, Wis., via S alter.; MEA 2,400.

From Big Falls INT, Wis., via S alter.; to Green Bay, Wis., VORTAC, via S alter.; MEA 2,100.

Section 610.6030 *VOR Federal airway 30* is amended to read in part:

From Litchfield, Mich., VORTAC; to Hudson INT, Mich., MEA 2,600.

Section 610.6031 *VOR Federal airway 31* is amended by adding:

From Selinsgrove, Pa., VORTAC, via W alter.; to Trout Run INT, Pa., via W alter.; MEA 4,000.

From Trout Run INT, Pa.; via W alter.; to Elmira, N.Y., VOR, via W alter.; MEA 4,400.

Section 610.6035 *VOR Federal airway 35* is amended to read in part:

From Miami, Fla., ILS/LOM via W alter.; to Krome INT, Fla., via W alter.; MEA 1,300.

From Krome INT, Fla., via W alter.; to Jersey INT, Fla., via W alter.; MEA 1,100.

From Jersey INT, Fla., via W alter.; to *Vega INT, Fla., via W alter.; MEA **1,500. *3,300—MRA. **1,100—MOCA.

From Vega INT, Fla., via W alter.; to *Copeland INT, Fla., via W alter.; MEA **3,300. *2,500—MRA. **1,100—MOCA.

From Key West, Fla., VOR; to *Marathon INT, Fla.; MEA **1,500. *4,500—MRA. **1,300—MOCA.

Section 610.6039 *VOR Federal airway 39* is amended to read in part:

From Poughkeepsie, N.Y., VOR; to Colebrook INT, Conn.; MEA 4,000.

From Colebrook INT, Conn.; to Westfield, Mass., VOR; MEA 3,500.

Section 610.6046 *VOR Federal airway 46* is amended to read in part:

From Riverhead, N.Y., VORTAC via S alter.; to Hampton, N.Y., VOR via S alter.; MEA 1,500.

From Hampton, N.Y., VOR; to Jersey INT, N.Y.; MEA 2,000.

From Jersey INT, N.Y.; to Nantucket, Mass., VOR; MEA *2,000. *1,500—MOCA.

Section 610.6052 *VOR Federal airway 52* is amended to read in part:

From Des Moines, Iowa, VORTAC; to *Bussey INT, Iowa; MEA 2,200. *3,200—MRA.

Section 610.6054 *VOR Federal airway 54* is amended to read in part:

From Fort Mill, S.C., VOR; to *Norwood INT, N.C.; MEA, **3,000. *3,000—MRA. **1,900—MOCA.

From Norwood INT, N.C.; to Pinehurst, N.C., VOR; MEA 1,800.

Section 610.6055 *VOR Federal airway 55* is amended to read in part:

From Green Bay, Wis., VORTAC; to Big Falls INT, Wis.; MEA 2,100.

From Big Falls INT, Wis.; to Stevens Point, Wis., VOR; MEA 2,400.

Section 610.6058 *VOR Federal airway 58* is amended to read in part:

From Poughkeepsie, N.Y., VOR; to Litchfield INT, Mass.; MEA 3,500.

From Litchfield INT, Mich.; to Hartford, Conn., VOR; MEA 3,000.

Section 610.6072 *VOR Federal airway 72* is amended to read in part:

From Keene, N.H., VOR; to Manchester, N.H., VOR; MEA 5,000.

Section 610.6092 *VOR Federal airway 92* is amended to read in part:

From Goshen, Ind., VOR; to Millersburg INT, Ind.; MEA 2,300.

Section 610.6095 *VOR Federal airway 95* is amended to read in part:

RULES AND REGULATIONS

From *Lake George, INT, Colo.; to **Spur INT, Colo.; MEA 12,000. *12,400—MCA Lake George INT, southwestbound. **11,000—MCA Spur INT, southwestbound.

Section 610.6099 VOR Federal airway 99 is amended to read in part:

From Rosedale INT, Wash.; to *Port Madi-son INT, Wash.; MEA 5,500. *5,500—MRA.

Section 610.6103 VOR Federal airway 103 is amended to read in part:

From Hollins, Va., VORTAC; to Covington INT, Va.; MEA 5,000.

From Covington INT, Va.; to Natural Well INT, Va.; MEA 5,500.

From Natural Well INT, Va.; to Elkins, W. Va., VORTAC; MEA 6,700.

Section 610.6104 VOR Federal airway 104 is amended to read in part:

From Massena, N.Y., VOR; to *Malone INT, N.Y.; MEA 3,000. *3,000—MCA Malone INT, eastbound.

Section 610.6106 VOR Federal airway 106 is amended to read in part:

From Poughkeepsie, N.Y., VOR; to Colebrook INT, Conn.; MEA 4,000.

From Colebrook INT, Conn.; to Westfield, Mass., VOR; MEA 3,500.

Section 610.6114 VOR Federal airway 114 is amended to read in part:

From Gregg Co., Tex., VOR via N alter.; to Marshall INT, Tex., via N alter.; MEA 1,700.

From Marshall INT, Tex., via N alter.; to Shreveport, La., VORTAC via N alter.; MEA 2,400.

Section 610.6123 VOR Federal airway 123 is amended to read in part:

From Wilton, Conn., VOR; to Torrington INT, Mass.; MEA 3,000.

From Torrington INT, Mass.; to Westfield, Mass., VOR; MEA 3,500.

Section 610.6124 VOR Federal airway 124 is amended to read in part:

From Terre Haute, Ind., VOR; to Banta INT, Ind.; MEA 2,000.

From Banta INT, Ind.; to Whiteland INT, Ind.; MEA 2,300.

From Whiteland INT, Ind.; to Shelbyville, Ind., VOR; MEA 2,000.

Section 610.6126 VOR Federal airway 126 is amended to read in part:

From Goshen, Ind., VOR; to Millersburg INT, Ind.; MEA 2,300.

Section 610.6139 VOR Federal airway 139 is amended to read in part:

From *Watch Hill INT, R.I.; to Lafayette INT, R.I.; MEA **2,500. *2,500—MRA. **1,500—MOCA.

From Lafayette INT, R.I.; to Providence, R.I., VOR; MEA 1,600.

Section 610.6140 VOR Federal airway 140 is amended to read in part:

From Baltimore, Md., VORTAC; to Millville, N.J., VOR; MEA 1,600.

From Millville, N.J., VOR; to Coyle, N.J., VOR; MEA 1,500.

Section 610.6146 VOR Federal airway 146 is amended to read in part:

From Poughkeepsie, N.Y., VOR; to Torrington INT, Mass.; MEA 3,500.

From Torrington INT, Mass.; to Bradley INT, Conn.; MEA 3,000.

Section 610.6148 VOR Federal airway 148 is amended to read in part:

From Hayes Center, Nebr., VORTAC; to North Platte, Nebr., VORTAC; MEA 4,300.

Section 610.6151 VOR Federal airway 151 is amended to read in part:

From Montpelier, Vt., VOR; to Burlington, Vt., VOR; MEA 6,000.

Section 610.6155 VOR Federal airway 155 is amended to read in part:

From Raleigh-Durham, N.C., VOR; to Franklinton INT, N.C.; MEA 1,800.

Section 610.6157 VOR Federal airway 157 is amended to read in part:

From Kinston, N.C., VOR; to Rocky Mount, N.C., VOR; MEA 1,400.

From Harvey INT, Fla., via W. alter.; to *Vega INT, Fla., via W. alter.; MEA **6,000. *3,300—MRA. **1,200—MOCA.

Section 610.6159 VOR Federal airway 159 is amended to read in part:

From Miami, Fla., VOR; to New River INT, Fla.; MEA 1,100.

Section 610.6185 VOR Federal airway 185 is amended to read in part:

From Asheville, N.C., VOR; to Owen INT, N.C.; MEA 6,000.

From Owen INT, N.C.; to *Douglas INT, Tenn.; MEA 8,000. *6,000—MRA.

From Douglas INT, Tenn.; to *Piedmont INT, Tenn.; MEA **7,000. *7,000—MRA. **5,600—MOCA.

Section 610.6194 VOR Federal airway 194 is amended to read in part:

From Fort Mill, N.C., VOR; to *Norwood INT, N.C.; MEA **3,000. *3,000—MRA. **1,900—MOCA.

From Raleigh-Durham, N.C., VOR, via N alter.; to Franklinton INT, N.C., via N alter.; MEA 1,800.

From Franklinton INT, N.C., via N alter.; to Rocky Mount, N.C., VOR, via N alter.; MEA 1,600.

Section 610.6203 VOR Federal airway 203 is amended to read in part:

From Albany, N.Y., VORTAC; to Porter INT, N.Y., southbound, MEA 3,500; northbound, MEA 6,000.

From Porter INT, N.Y.; to *Tupper Lake INT, N.Y.; **7,000. *6,000—MCA Tupper Lake INT, southbound. **6,000—MOCA.

Section 610.6213 VOR Federal airway 213 is amended to read in part:

From Kenansville INT, N.C.; to Eureka INT, N.C.; MEA *3,400. *1,400—MOCA.

From Eureka INT, N.C.; to Rocky Mt., N.C., VOR; MEA 1,300.

From Rocky Mt., N.C., VOR; to Emporia INT, Va.; MEA *1,900. *1,500—MOCA.

From Emporia INT, Va.; to Hopewell, Va., VOR; MEA 1,500.

Section 610.6260 VOR Federal airway 260 is amended to read in part:

From Hollins, Va., VORTAC, via S alter.; to Moneta INT, Va., via S alter.; MEA 5,600.

From Moneta INT, Va., via S alter.; to Lynchburg, Va., VORTAC via S alter.; MEA 4,000.

Section 610.6272 VOR Federal airway 272 is amended to read in part:

From Weatherford INT, Okla., via N alter.; to Oklahoma City, Okla., VORTAC via N alter.; MEA *3,500. *2,700—MOCA.

Section 610.6295 VOR Federal airway 295 is amended to read in part:

From Vero Beach, Fla., VOR; to *Bailey INT, Fla.; MEA 1,300. *1,500—MRA.

From Bailey INT, Fla.; to *Gentry INT, Fla.; MEA 1,200. *1,500—MRA.

From Gentry INT, Fla.; to Orlando, Fla., VOR; MEA 1,300.

From Vero Beach, Fla., VOR via E alter.; to *Malabar INT, Fla., via E alter.; MEA 1,200. *2,500—MRA.

From Malabar INT, Fla., via E alter.; to Indian River INT, Fla., via E alter.; MEA 1,300.

From Indian River INT, Fla., via E alter.; to Orlando, Fla., VOR via E alter.; MEA *2,000. *1,300—MOCA.

Section 610.6314 VOR Federal airway 314 is added to read:

From Princeton, Maine, VOR; to U.S. Canadian Border; MEA 2,200.

Section 610.6402 Hawaii VOR Federal airway 2 is amended to read in part:

From Honolulu, Hawaii, VOR; to Kahala INT, Hawaii; MEA 5,000.

From *Kahala INT, Hawaii; to Penguin INT, Hawaii; MEA 2,000. *4,000—MCA Kahala INT, northwestbound.

From Penguin INT, Hawaii; to *Lanai, Hawaii, VOR; MEA 4,000. *4,600—MCA Lanai VOR, eastbound.

From Honolulu, Hawaii, VOR via S alter.; to Ono INT, Hawaii, via S alter., northwestbound, MEA 4,000; southeastbound, MEA 3,000.

From *Ono INT, Hawaii, via S alter.; to Sampan INT, Hawaii, via S alter.; MEA 2,000. *4,000—MCA Ono INT, northwestbound.

From Sampan INT, Hawaii, via S alter.; to *Lanai, Hawaii, VOR via S alter.; MEA 4,000. *4,600—MCA Lanai VOR, eastbound.

Section 610.6406 Hawaii VOR Federal airway 6 is amended to read in part:

From Halibut INT, Hawaii; to Rainbow INT, Hawaii, northwestbound, MEA 7,000; southeastbound, MEA 6,000.

From Rainbow INT, Hawaii; to Marlin INT, Hawaii; MEA 6,000.

Section 610.6409 Hawaii VOR Federal airway 9 is amended to read:

From *South Honolulu INT, Hawaii; to Village INT, Hawaii, northbound, MEA 6,000; southbound, MEA 9,000. *9,000—MRA.

From Village INT, Hawaii; to Coral INT, Hawaii, northbound, MEA 2,000; southbound, MEA 6,000.

From Coral INT, Hawaii; to Southgate INT, Hawaii; MEA 2,000.

From Southgate INT, Hawaii; to Honolulu, Hawaii, VOR, northbound, MEA 4,000; southbound, MEA 2,000.

Section 610.6415 Hawaii VOR Federal airway 15 is added to read:

From *Koko Head, Hawaii, VOR; to Molokai, Hawaii, VOR; MEA 3,500. *4,500—MCA Koko Head VOR, westbound.

From Molokai, Hawaii, VOR; to *Kahului, Hawaii, VOR; MEA 7,000. *8,000—MCA Kahului VOR, eastbound.

From Kahului, Hawaii, VOR; to Rainbow INT, Hawaii; MEA 9,000.

From Rainbow INT, Hawaii; to Marlin INT, Hawaii; MEA 6,000.

From Marlin INT, Hawaii; to Hilo, Hawaii, VOR; MEA 4,000.

Section 610.6462 VOR Federal airway 462 is amended to read in part:

From Off-Shore INT, Mich.; to Whitefish, Mich., VOR; MEA 2,500.

Section 610.6478 VOR Federal airway 478 is amended by adding:

From Newcombe, Ky., VOR; to Beckley, W. Va., VOR; MEA 5,400.

Section 610.6483 VOR Federal airway 483 is amended to read in part:

From Rockdale, N.Y., VOR; to Peterboro INT, N.Y.; MEA 4,200.

From Peterboro INT, N.Y.; to Lakeport INT, N.Y.; MEA 3,000.
From Lakeport INT, N.Y.; to Syracuse, N.Y., VORTAC; MEA 2,000.

Section 610.6484 *VOR Federal airway 484* is amended to read in part:

From Gunnison, Colo., VORTAC; to Alamosa, Colo., VOR; MEA 14,000.
From Bonanza INT, Colo.; to Alamosa, Colo., VOR, southbound only; MEA 12,500.
From Grand Junction, Colo., VORTAC, via S alter.; to *Cerro INT, Colo., via S alter.; MEA **11,000. *13,000—MCA Cerro INT, eastbound. **10,500—MOCA.
From Cerro INT, Colo., via S alter.; to Gunnison, Colo., VORTAC, via S alter.; MEA 13,000.

Section 610.6830 *VOR Federal airway 830* is amended to read in part:

From Nashville, Tenn., VORTAC; to *Hartsville INT, Tenn.; MEA **2,800. *2,800—MRA. **2,400—MOCA.
From Hartsville INT, Tenn.; to Highway INT, Tenn.; MEA 3,900.
From Highway INT, Tenn.; to London, Ky., VORTAC; MEA *4,500. *3,800—MOCA.

Section 610.6843 *VOR Federal airway 843* is amended to read in part:

From *Dalton INT, Ga.; to Kennesaw INT, Ga.; MEA **4,000. *4,000—MRA. **3,500—MOCA.
From Lakeland, Fla., VOR; to Brewster INT, Fla.; MEA 1,300.
From Brewster INT, Fla.; to Arcadia INT, Fla.; MEA *1,300. *1,100—MOCA.
From Arcadia INT, Fla.; to Ft. Myers, Fla., VOR; MEA 1,300.
From McMinnville INT, Tenn.; to Chattanooga, Tenn., VORTAC; MEA 4,000.
From Bowling Green, Ky., VOR; to *Hillsdale INT, Tenn.; MEA **2,400. *2,400—MRA. **2,000—MOCA.
From Hillsdale INT, Tenn.; to *Hartsville INT, Tenn.; MEA **2,400. *2,800—MRA. **2,000—MOCA.
From Hartsville INT, Tenn.; to *Liberty INT, Tenn.; MEA **5,000. *5,000—MRA. **4,200—MOCA.

Section 610.6887 *VOR Federal airway 887* is amended to read in part:

From London, Ky., VORTAC; to Highway INT, Tenn.; MEA *4,500. *3,800—MOCA.
From Highway INT, Tenn.; to *Hartsville INT, Tenn.; MEA 3,900. *2,800—MRA.
From Hartsville INT, Tenn.; to Nashville, Tenn., VORTAC; MEA *2,800. *2,400—MOCA.

Section 610.1506 *VOR Federal airway 1506* is amended to read in part:

From Dubois, Idaho, VOR; to Dunoir, Idaho, VOR; MEA 15,800; MAA 24,000.
From Dunoir, Idaho, VOR; to Boysen Reservoir, Wyo., VOR; MEA 14,500; MAA, 24,000.

Section 610.1528 *VOR Federal airway 1528* is amended to read in part:

From Clayton, N. Mex., VOR; to Dalhart, Tex., VOR; MEA 14,500; MAA 24,000.

Section 610.1542 *VOR Federal airway 1542* is amended to read in part:

From Tucson, Ariz., VORTAC; to Int. 082 M rad Tucson, Ariz., VOR and 228 M rad San Simon, Ariz., VOR; MEA 16,000; MAA 24,000.
From Int. 082 M rad Tucson, Ariz., VOR and 228 M rad San Simon; to Int. 111 M rad

San Simon, Ariz., VOR and 264 M rad Columbus, N. Mex.; MEA 19,000; MAA 24,000.

From Int. 111 M rad San Simon, Ariz., VOR and 264 M rad Columbus, N. Mex., VOR; to Columbus, N. Mex., VOR; MEA 14,500; MAA 24,000.

Section 610.1625 *VOR Federal airway 1625* is amended to read in part:

From Tucson, Ariz., VOR; to San Simon, Ariz., VOR; MEA 16,000; MAA 24,000.

Section 610.1630 *VOR Federal airway 1630* is amended to read in part:

From Lubbock, Tex., VOR; to Big Spring, Tex., VOR; MEA 14,500; MAA 24,000.

Section 610.1698 *VOR Federal airway 1698* is amended to read in part:

From Binghamton, N.Y., VOR; to Wilton, Conn., VOR; MEA, 14,500; MAA 20,000.

(Secs. 313(a), 307(c), 72 Stat. 752, 749; 49 U.S.C. 1354(a), 1348 (c))

These rules shall become effective June 1, 1961.

Issued in Washington, D.C., on May 1, 1961.

OSCAR BAKKE,

Director,

Bureau of Flight Standards.

[F.R. Doc. 61-4417; Filed, May 15, 1961; 8:45 a.m.]

Title 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

SUBCHAPTER B—FOOD AND FOOD PRODUCTS

PART 121—FOOD ADDITIVES

Subpart D—Food Additives Permitted in Food for Human Consumption

STEARYL-2-LACTYLIC ACID

The Commissioner of Food and Drugs, having evaluated the data submitted in a petition filed by The Panipus Company, 4049 Pennsylvania Street, Kansas City 11, Missouri, and other relevant material, has concluded that the following regulation should issue in conformance with section 409 of the Federal Food, Drug, and Cosmetic Act, with respect to the food additive stearyl-2-lactylic acid as an emulsifier in shortening, in nonyeast-leavened bakery products, and in prepared mixes for nonyeast-leavened bakery products. Therefore, pursuant to the provisions of the act (sec. 409(c) (1), 72 Stat. 1786; 21 U.S.C. 348(c) (1)), and under the authority delegated to the Commissioner by the Secretary of Health, Education, and Welfare (25 F.R. 8625), Subpart D of the food additive regulation (21 CFR Part 121) is amended by adding thereto the following new section:

§ 121.1048 Stearyl-2-lactylic acid.

The food additive stearyl-2-lactylic acid may be safely used in or on food in

accordance with the following prescribed conditions:

(a) The food additive is a mixture of stearyl lactic acids and minor proportions of related acids, manufactured by reaction of stearic acid and lactic acid.

(b) The food additive meets the following specifications:

Acid number-----	166-186
Lactic acid (percent)-----	15.9-19.6
Saponification number-----	277-309

(c) It is used or intended for use as follows:

(1) As an emulsifier in nonyeast-leavened bakery products and in prepared mixes for nonyeast-leavened bakery products and pancake mixes, at a level not to exceed 0.35 percent of the finished product.

(2) As an emulsifier in shortening intended for use as prescribed in subparagraph (1) of this paragraph at a level not to exceed 3 percent of the weight of the shortening.

(d) To assure safe use of the additive:

(1) The label and labeling of the food additive and any intermediate premix prepared therefrom shall bear, in addition to the other information required by the act, the following:

(i) The name of the additive.

(ii) A statement of the concentration or strength of the additive in any intermediate premixes.

(2) The label or labeling of the food additive shall also bear adequate directions to provide a final product that complies with the limitations prescribed in paragraph (c) of this section.

Any person who will be adversely affected by the foregoing order may at any time prior to the thirtieth day from the date of its publication in the FEDERAL REGISTER file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D.C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by the order and specify with particularity the provisions of the order deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

Effective date. This order shall be effective on the date of its publication in the FEDERAL REGISTER.

(Sec. 409(c) (1), 72 Stat. 1786; 21 U.S.C. 348 (c) (1))

Dated: May 9, 1961.

[SEAL]

GEO. P. LARRICK,

Commissioner of Food and Drugs.

[F.R. Doc. 61-4475; Filed, May 15, 1961; 8:48 a.m.]

Proposed Rule Making

DEPARTMENT OF JUSTICE

Immigration and Naturalization Service

[8 CFR Parts 231, 299]

UNIFORM MANIFEST PROCEDURE FOR PASSENGERS

Extension of Time in Which to Submit Representations

Reference is made to the notice of proposed rule making which was published in the FEDERAL REGISTER of April 25, 1961 (26 F.R. 3535), and in which it was stated that all relevant material received within 20 days following the day of publication of that notice would be considered. To afford interested persons additional time to consider the proposal and to submit their views, all relevant material received before June 15, 1961, will be considered.

Dated: May 10, 1961.

J. M. SWING,
*Commissioner of
Immigration and Naturalization.*

[F.R. Doc. 61-4464; Filed, May 15, 1961;
8:47 a.m.]

DEPARTMENT OF THE INTERIOR

National Park Service

[36 CFR Part 7]

GRAND CANYON NATIONAL PARK, ARIZONA

Travel on Park Waters

Notice is hereby given that pursuant to the authority contained in section 3 of the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C., 3), Departmental Order 2640 (16 F.R. 5846), National Park Service Order No. 14 (19 F.R. 8824), Regional Director, Region Three, Order No. 3 (24 F.R. 5748), as amended, it is proposed to amend Title 36 CFR Part 7 as set forth below. The purpose of this amendment is to establish suitable control to provide for safe travel over hazardous waters of the park.

It is the policy of the Department of the Interior, whenever practicable, to afford the public an opportunity to participate in the rule making process. Accordingly, interested persons may submit written comments, suggestions, or objections with respect to the proposed amendment to the Superintendent, Grand Canyon National Park, Grand Canyon, Arizona within thirty days of the date of publication of this notice in the FEDERAL REGISTER.

JOHN S. McLAUGHLIN,
*Superintendent,
Grand Canyon National Park.*

Section 7.4 is amended by adding paragraph (h) to read as follows:

4198

§ 7.4 Grand Canyon National Park.

(h) *Travel on water*—(1) *Permit*. A permit, issued by the Superintendent, is required for all travel upon the waters of the park. Travel as used herein includes boat or raft use, or the use of any floating or mechanical device to support a person or property, or use by any means which may be deemed hazardous by the Superintendent.

(2) *Sanitation*. No cans, rubbish, bottles, or other refuse shall be discarded along the shores of the waters of the park. Such refuse shall be buried or removed to facilities provided at specified places.

[F.R. Doc. 61-4456; Filed, May 15, 1961;
8:46 a.m.]

DEPARTMENT OF AGRICULTURE

Commodity Stabilization Service

[7 CFR Part 927]

[Docket No. AO-71-A40]

MILK IN NEW YORK-NEW JERSEY MARKETING AREA

Notice of Extension of Time for Filing Exceptions To Revised Recommended Decision on Proposed Amendments to Tentative Marketing Agreement and Order

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given that the time for filing exceptions to the revised recommended decision with respect to the proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the New York-New Jersey marketing area, which was issued April 19, 1961 (26 F.R. 3484), is hereby extended to May 22, 1961.

Dated: May 11, 1961, Washington, D.C.

ROBERT G. LEWIS,
*Deputy Administrator, Price
Support, Commodity Stabilization Service.*

[F.R. Doc. 61-4488; Filed, May 15, 1961;
8:50 a.m.]

[7 CFR Part 964]

[Docket No. AO 328]

MILK IN LUBBOCK-PLAINVIEW, TEX., MARKETING AREA

Notice of Hearing on Proposed Marketing Agreement and Order

Pursuant to the provisions of the Agricultural Marketing Agreement Act of

1937, as amended (7 U.S.C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given of a public hearing to be held in the Navajo Room, Caprock Hotel, Lubbock, Texas, beginning at 10:00 a.m., c.s.t., on June 6, 1961, with respect to a proposed marketing agreement and order, regulating the handling of milk in the Lubbock-Plainview, Texas, marketing area.

The public hearing is for the purpose of receiving evidence with respect to economic and marketing conditions which relate to the proposed marketing agreement and order, hereinafter set forth, and any appropriate modifications thereof; and for the purpose of determining (1) whether the handling of milk in the area proposed for regulation is in the current of interstate or foreign commerce or directly burdens, obstructs, or affects interstate or foreign commerce, (2) whether there is need for a marketing agreement or order regulating the handling of milk in the area, and (3) whether provisions specified in the proposals or some other provisions appropriate to the terms of the Agricultural Marketing Agreement Act of 1937, as amended, will tend to effectuate the declared policy of the Act.

The proposals, set forth below, have not received the approval of the Secretary of Agriculture.

Proposed by North Texas Producers Association:

Proposal No. 1.

DEFINITIONS

Section 1. Act.

"Act" means Public Act No. 10, 73d Congress, as amended and re-enacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.).

Sec. 2. Department.

"Department" means the United States Department of Agriculture or such other Federal agency authorized to perform the price reporting functions specified in this part.

Sec. 3. Secretary.

"Secretary" means the Secretary of Agriculture or any officer or employee of the United States authorized to exercise the powers and to perform the duties of the said Secretary of Agriculture.

Sec. 4. Person.

"Person" means any individual partnership, corporation, association or any other business unit.

Sec. 5. Cooperative association.

"Cooperative association" means any cooperative marketing association of producers which the Secretary determines:

(a) To be qualified pursuant to the provisions of the Act of Congress of

February 18, 1922, as amended, known as the "Capper-Volstead Act"; and

(b) To have full authority in the sale of milk of its members and to be engaged in making collective sales of or marketing milk or its products for its members.

Sec. 6. Lubbock-Plainview, Texas, marketing area.

"Lubbock-Plainview, Texas, marketing area" hereinafter referred to as "marketing area" means all territory geographically located within the perimeter boundaries of the counties of Bailey, Castro, Cochran, Cottle, Crosby, Dickens, Floyd, Gaines, Garza, Hale, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Terry, and Yoakum, all within the State of Texas, including all municipal corporations and institutions owned or operated by the Federal, State or local governments lying wholly or partially within such area.

Sec. 7. Fluid milk product.

"Fluid milk product" means the fluid form of milk, skim milk, buttermilk, milk drinks (plain or flavored), cream, or any mixture in the fluid form of skim milk and cream (except storage cream, aerated cream products, evaporated or condensed milk, and sterilized products packaged in hermetically sealed containers).

Sec. 8. Route.

"Route" means delivery (including disposition from a plant store or from a distribution point and disposition by a vendor) of a fluid milk product(s) to a wholesale or retail outlet(s) other than to a:

- (a) Milk plant(s);
- (b) Distribution point(s);
- (c) Food processing plant(s) for use other than for fluid consumption.

Sec. 9. Distributing plant.

"Distributing plant" means a plant which is approved by an appropriate health authority for the processing or packaging of Grade A milk and from which any fluid milk product is disposed of during the month on a route(s) in the marketing area.

Sec. 10. Supply plant.

"Supply plant" means a plant from which milk, skim milk, or cream which is acceptable to the appropriate health authority for distribution in the marketing area under a Grade A label is shipped during the month to a pool plant qualified pursuant to section 11(a).

Sec. 11. Pool plant.

"Pool plant" means:

(a) A distributing plant from which a volume of Class I milk equal to not less than 50 percent of the Grade A milk received at such plant from dairy farmers and from other plants is disposed of during the month on routes as fluid milk products and not less than 15 percent of such receipts are disposed of to such outlets in the marketing area;

(b) A supply plant at which Grade A milk from dairy farmers is received and from which fluid milk products equal to not less than 50 percent of such receipts during the month are moved to a

plant(s) described in paragraph (a) of this section: *Provided*, That if such shipments are not less than 75 percent of the receipts of Grade A milk at such plant during the immediately preceding period of September through November, such plant may, upon written application to the market administrator on or before March 1 of any year, be designated as a pool plant for the months of March through June of such year.

Sec. 12. Nonpool plant.

"Nonpool plant" means any milk manufacturing, processing or bottling plant other than a pool plant.

Sec. 13. Producer.

"Producer" means any person, except a producer-handler or a person with respect to milk produced by him which is fully subject to the pricing and payment provisions of another order issued pursuant to the Act, who produces milk on a dairy farm which is approved by a duly constituted health authority for the production of milk for fluid disposition and which milk is:

- (a) Permitted by the health authority having jurisdiction in the marketing area to be labeled and disposed of as Grade A milk in the marketing area; and
- (b) Received during the month at a pool plant (including milk diverted from a pool plant to a nonpool plant pursuant to the conditions set forth in section 14).

Sec. 14. Producer milk.

"Producer milk" means skim milk and butterfat contained in milk:

- (a) Received at a pool plant directly from producers;
- (b) Diverted for the account of a handler from a pool plant to a nonpool plant; or
- (c) Diverted from a pool plant to a nonpool plant for the account of a cooperative association: *Provided*, That this definition shall not include the milk of any person during any month in which such milk is diverted for the account of the operator of a pool plant for more than 15 days during the month: *And provided further*, That milk diverted pursuant to this section shall be deemed to have been received at the location of the pool plant from which diverted.

Sec. 15. Other source milk.

"Other source milk" means all skim milk and butterfat contained in:

- (a) Receipts during the month in the form of fluid milk products except (1) fluid milk products received from pool plants, (2) producer milk, and (3) inventory of fluid milk products at the beginning of the month;
- (b) Products other than fluid milk products from any source (including those produced at the plant) which are repackaged, reprocessed or converted to another product in the plant or for which other utilization or disposition is not established pursuant to section 32.

Sec. 16. Handler.

"Handler" means:

- (a) Any person in his capacity as the operator of one or more distributing or supply plants.

(b) Any cooperative association with respect to the milk of producers diverted by the association for its own account from a pool plant to a nonpool plant; or

(c) Any cooperative association with respect to the milk of its member producers which it causes to be delivered directly from the farm to the pool plant of another handler in a tank truck owned, operated by, or under contract to, such cooperative association, if the cooperative association notifies the market administrator and the handler to whom the milk is delivered in writing that it wishes to become the handler for such milk. The cooperative association shall be considered the handler for such bulk tank milk, effective the first day of the month following receipt of such notice, and milk so delivered shall be deemed to have been received by the cooperative association at the location of the pool plant to which it is delivered.

Sec. 17. Producer-handler.

"Producer-handler" means any person who processes and packages milk from his own farm production, who distributes any portion of such milk in the marketing area on a route and who receives no fluid milk products from other dairy farmers or nonpool plants: *Provided*, That such person provides proof satisfactory to the market administrator that (a) the care and management of all dairy animals and other resources necessary to produce the entire amount of fluid milk handled (excluding transfers from pool plants) is the personal enterprise of and at the personal risk of such person, and (b) the operation of the processing and distributing business is the personal enterprise of and at the personal risk of such person.

Sec. 18. Base milk.

"Base milk" means milk received at a pool plant (or diverted pursuant to section 14) from a producer during any of the months of March through June which is not in excess of such producer's daily base computed pursuant to section 95 multiplied by the number of days in such month.

Sec. 19. Excess milk.

"Excess milk" means milk received at a pool plant (or diverted pursuant to section 14) from a producer during any of the months, March through June, which is in excess of base milk received from such producer during such month, and milk received or diverted during such month from a producer for whom no base can be computed pursuant to section 95.

Sec. 20. Chicago butter price.

"Chicago butter price" means the simple average as computed by the market administrator of the daily wholesale selling prices (using the midpoint of any range as one price) per pound of 92-score bulk creamery butter at Chicago as reported during the month by the Department.

MARKET ADMINISTRATOR

Sec. 25. Designation.

The agency for the administration of this part shall be a market administrator, selected by the Secretary, who shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

Sec. 26. Powers.

The market administrator shall have the powers with respect to this part:

- (a) To administer its terms and provisions;
- (b) To receive, investigate, and report to the Secretary complaints of violation;
- (c) To make rules and regulations to effectuate its terms and provisions; and
- (d) To recommend amendments to the Secretary.

Sec. 27. Duties.

The market administrator shall perform all duties necessary to administer the terms and provisions of this part, including, but not limited to, the following:

- (a) Within 45 days following the date on which he enters upon his duties, or such lesser period as may be prescribed by the Secretary, execute and deliver to the Secretary a bond, effective as of the date on which he enters upon his duties and conditioned upon the faithful performance of such duties, in an amount and with surety thereon satisfactory to the Secretary;
- (b) Employ and fix the compensation of such persons as may be necessary to enable him to administer its terms and provisions;
- (c) Obtain a bond in a reasonable amount and with reasonable surety thereon covering each employee who handles funds entrusted to the market administrator;
- (d) Pay, out of the funds provided by section 88, (1) the cost of his bond and of the bond of his employees, (2) his own compensation, and (3) all other expenses, except those incurred under section 87, necessarily incurred by him in the maintenance and functioning of his office and in the performance of his duties;
- (e) Keep such books and records as will clearly reflect the transactions provided for herein, and upon request by the Secretary, surrender the same to such other person as the Secretary may designate;
- (f) Publicly disclose, at his discretion, to handlers and producers, unless otherwise directed by the Secretary, the name of any person who, after the day upon which he is required to perform such acts, has not made (1) reports pursuant to sections 30 and 31 or (2) payments pursuant to sections 62, 80, 82, 84, 86, 87, 88, and 89;
- (g) Submit his books and records to examination by the Secretary and furnish such information and reports as may be required by the Secretary;
- (h) Verify all reports and payments of each handler by audit of such handler's records and of the records of any other handler or person upon whose utilization the classification of skim milk or

butterfat for such handler depends, or by such investigation as the market administrator deems necessary;

- (i) Prepare and make available for producers, consumers, and handlers such statistics and information as are necessary and essential to the proper functioning of this part and as do not reveal confidential information;
- (j) Publicly announce on or before:

(1) The fifth day of each month, the minimum price for Class I milk, pursuant to section 51(a) and the Class I butterfat differential pursuant to section 52(a), both for the current month; and the minimum price for Class II milk pursuant to section 51(b), and the Class II butterfat differential, pursuant to section 52(b) both for the preceding month;

(2) The tenth day after the end of the months of July through February the uniform price pursuant to section 72 and the producer butterfat differential pursuant to section 81;

(3) The tenth day after the end of each of the months of March through June, the uniform prices for base milk and excess milk pursuant to section 73 and the butterfat differential pursuant to section 81; and

(k) On or before the tenth day after the end of each month, report to each cooperative association, upon request by such association, or by its members, the percentage of producer milk caused to be delivered by such association which was used in each class by each handler receiving any such milk. For the purpose of this report the milk so received shall be prorated to each class in the proportion that the total receipts of milk from producers by such handlers were used in each class.

REPORTS, RECORDS, AND FACILITIES

Sec. 30. Reports of receipts and utilization.

(a) On or before the seventh day after the end of each month each handler, except a producer-handler, shall report for such month to the market administrator in the detail and on forms prescribed by the market administrator the following:

(1) The total quantities of skim milk and butterfat contained in or represented by:

(i) Producer milk including, for the months of March through June, the aggregate quantities of base and excess milk;

(ii) Fluid milk products received from other pool plants;

(iii) Other source milk;

(iv) Inventories of fluid milk products at the beginning and end of the month.

(2) The utilization of all skim milk and the butterfat required to be reported pursuant to this section, including a separate statement, if required by the market administrator, of the disposition of Class I milk outside the marketing area.

Sec. 31. Other reports.

(a) Each producer-handler shall make reports to the market administrator at such time and in such manner as the market administrator may prescribe;

(b) Each handler, except a producer-handler, shall report to the market ad-

ministrator in detail and on forms prescribed by the market administrator:

(1) On or before the 20th day after the end of the month, for each of his pool plants, his producer payroll which shall show for each producer:

(i) His name and address;

(ii) The total pounds of milk received from such producer, including for the month of March through June, the total pounds of base and excess milk;

(iii) The number of days, if less than the entire month for which milk was received from such producer;

(iv) The average butterfat content of such milk; and

(v) The net amount of such handlers payment to each producer, together with the price paid and the amount and nature of any deductions;

(2) On or before the first day other source milk is received in the form of any fluid milk product at his pool plant(s) his intention to receive such product and, on or before the last day such product is received, his intention to discontinue receipt of such product;

(3) Prior to his diversion of producer milk to a nonpool plant, his intention to divert such milk, the proposed date or dates of such diversion, and the plant to which such milk is to be diverted; and

(4) Such other information as the market administrator may determine to be necessary to administer this part.

Sec. 32. Records and facilities.

Each handler shall maintain and make available to the market administrator or to his representatives during the usual hours of business such accounts and records of his operation, together with such facilities as are necessary for the market administrator to verify or establish the correct data with respect to:

(a) The receipts and utilization of all skim milk and butterfat handled in any form;

(b) The weights and tests for butterfat and other content of all milk, skim milk, cream, and milk products handled;

(c) Payments to producers and cooperative associations; and

(d) The pounds of skim milk and butterfat contained in or represented by all milk, skim milk, cream, and milk products on hand at the beginning and end of each month.

Sec. 33. Retention of records.

All books and records required under this part to be made available to the market administrator shall be retained by the handler for a period of three years to begin at the end of the month to which such books and records pertain: *Provided*, That if within such three-year period, the market administrator notifies the handler in writing that the retention of such books and records, or of specified books and records, is necessary in connection with a proceeding under section 8c(15)(A) of the Act or a court action specified in such notice, the handler shall retain such books and records or specified books and records, until further written notification from the market administrator. In either case, the market administrator shall give further written notification to the handler promptly upon the termina-

tion of the litigation or when the records are no longer necessary in connection therewith.

CLASSIFICATION

Sec. 40. Skim milk and butterfat to be classified.

The skim milk and butterfat reported pursuant to section 30 shall be classified each month pursuant to the provisions of sections 41 through 45.

Sec. 41. Classes of utilization.

Subject to the conditions set forth in sections 42 through 45 the classes of utilization shall be as follows:

(a) *Class I milk.* Class I milk shall be all skim milk (including concentrated and reconstituted skim milk) and butterfat:

(1) Disposed of in the form of a fluid milk product (except as provided in paragraph (b) (2) of this section); and
(2) Not accounted for as Class II milk.

(b) *Class II milk.* Class II milk shall be all skim milk and butterfat:

(1) Used to produce any product other than a fluid milk product;

(2) Disposed of in the form of a fluid milk product(s) for use as animal feed provided each of the following conditions are met:

(i) The market administrator is notified prior to such disposition, of the time the disposition is to be made so that he or his representative may physically verify such disposition;

(ii) Records are maintained to show the source, availability, butterfat content and volume of each product composing each lot of the aggregate product;

(iii) Each disposition is documented in duplicate by a separate record in a form approved by the market administrator showing disposition date, volume disposed of, and the name of the person to whom it is disposed and his or his representative's signature, one copy of which is mailed or delivered to the market administrator on or before the second day after the date of such disposition; and

(iv) The volume of skim milk and butterfat classified as Class II pursuant to this paragraph shall not exceed 0.5 percent of the volume of skim milk and butterfat disposed of in fluid milk products;

(3) Contained in inventory of fluid milk products on hand at the end of the month; and

(4) In shrinkage allocated to receipts of producer milk and other source milk (except milk diverted to a nonpool plant) but not in excess of two percent of such receipts of skim milk and butterfat, respectively: *Provided*, That with respect to milk for which the cooperative association is the handler pursuant to section 16(c) shrinkage incurred shall be allocated to the cooperative association in an amount not to exceed 0.5 percent of the total receipts of skim milk and butterfat in such milk, and the pool plant to which it is delivered for processing shall be allocated shrinkage incurred in an amount not to exceed one and one-half percent of the total pounds of skim milk and butterfat in such milk.

Sec. 42. Shrinkage.

In computing shrinkage for the purposes of section 41(b) the market administrator shall determine the shrinkage of skim milk and butterfat, respectively, in the following manner:

(a) Compute total shrinkage at each pool plant by subtracting the skim milk and butterfat, respectively, classified as Class I milk pursuant to section 41(a) (1) and as Class II milk pursuant to section 41(b) (1), (2), and (3) (subject to the provisions of sections 43 to 45) from the receipts of the skim milk and butterfat, respectively, required to be reported pursuant to section 30;

(b) Prorate the total shrinkage of skim milk and butterfat, respectively, computed pursuant to paragraph (a) of this section, among the pounds of producer milk, physically received at such plant, other source milk received in the form of fluid milk products in bulk, and fluid milk products in bulk received from other pool plants in excess of transfers of such products in bulk to other plants.

Sec. 43. Responsibility of handlers.

All skim milk and butterfat shall be classified as Class I milk, unless the handler who first receives such skim milk or butterfat proves to the market administrator that such skim milk or butterfat should be classified as Class II milk.

Sec. 44. Transfers.

Skim milk or butterfat disposed of each month from a pool plant shall be classified as follows:

(a) As Class I milk, if transferred or diverted in the form of a fluid milk product to the pool plant of another handler, except a producer-handler, unless utilization as Class II milk is claimed by both handlers in their reports submitted for the month to the market administrator pursuant to section 30: *Provided*, That the skim milk or butterfat so assigned to Class II milk shall be limited to the amount thereof remaining in the plant of the transferee-handler after the subtraction of other source milk pursuant to section 46(a) (2) to (4), and any additional amounts of such skim milk or butterfat shall be classified as Class I milk: *And provided further*, That if either or both handlers have received other source milk, the skim milk or butterfat so transferred shall be classified at both plants so as to allocate the greatest possible Class I utilization to the producer milk of both handlers;

(b) As Class I milk, if transferred to a producer-handler in the form of fluid milk product;

(c) As Class I milk, if transferred or diverted in the form of a fluid milk product to a nonpool plant located more than 400 miles by the shortest highway distance as determined by the market administrator from the nearest point in the marketing area;

(d) As Class I milk, if transferred or diverted in the form of a fluid milk product in bulk to a nonpool plant located not more than 400 miles by the shortest highway distance as determined by the market administrator from the nearest point in the marketing area unless:

(1) The transferring or diverting handler claims classification in Class II milk in his report submitted to the market administrator pursuant to section 30 for the month within which such transaction occurred;

(2) The operator of such nonpool plant maintains books and records showing the utilization of all skim milk and butterfat received at such plant which are made available if requested by the market administrator for the purpose of verification; and

(3) The skim milk and butterfat in the fluid milk products (except in ungraded cream disposed of for manufacturing uses) disposed of from such nonpool plant do not exceed the receipts of skim milk and butterfat in milk received during the month from dairy farmers who the market administrator determines constitute the regular source of supply for such plant: *Provided*, That any skim milk or butterfat in fluid milk products (except ungraded cream disposed of for manufacturing uses) disposed of from the nonpool plant which is in excess of receipts from such dairy farmers shall be assigned to the fluid milk products so transferred or diverted and classified as Class I milk: *And provided further*, That if the total skim milk or butterfat in fluid milk products which were transferred by all handlers to such nonpool plant during the month is less than the skim milk and butterfat classified as Class I milk pursuant to the preceding proviso hereof, the assignment to Class I milk shall be prorated over the claimed Class II classification reported by each such handler on transfers to the nonpool plant.

Sec. 45. Computation of the skim milk and butterfat in each class.

For each month, the market administrator shall correct for mathematical and for other obvious errors the reports of receipts and utilization for the pool plant(s) of each handler and shall compute the pounds of butterfat and skim milk in Class I milk and Class II milk for such handler: *Provided*, That if any of the water contained in the milk from which a product is made is removed before the product is utilized or disposed of by a handler, the pounds of skim milk disposed of in such product shall be considered to be an amount equivalent to the nonfat milk solids contained in such product, plus all the water reasonably associated with such solids in the form of whole milk.

Sec. 46. Allocation of skim milk and butterfat classified.

After making the computations pursuant to section 45 the market administrator shall determine the classification of producer milk received at the pool plant(s) of each handler each month as follows:

(a) Skim milk shall be allocated in the following manner:

(1) Subtract from the total pounds of skim milk in Class II the pounds of skim milk assigned to producer milk pursuant to section 41(b) (4);

(2) Subtract from the remaining pounds of skim milk in each class, in

series beginning with Class II milk, the pounds of skim milk in other source milk received in the form of fluid milk products which were not subject to the Class I pricing provisions of an order issued pursuant to the Act;

(3) Subtract from the remaining pounds of skim milk in each class, in series beginning with Class II milk, the pounds of skim milk in other source milk other than that received in the form of fluid milk products;

(4) Subtract from the remaining pounds of skim milk in each class, in series beginning with Class II milk, the pounds of skim milk in other source milk received in the form of fluid milk products which are subject to Class I pricing provisions of another order issued pursuant to the Act;

(5) Subtract from the remaining pounds of skim milk in each class the skim milk in fluid milk products received from the pool plants of other handlers according to the classification of such products as determined pursuant to section 44(a);

(6) Subtract from the remaining pounds of skim milk in each class, in series beginning with Class II milk, the pounds of skim milk contained in inventory of fluid milk products on hand at the beginning of the month; and

(7) Add to the pounds of skim milk remaining in Class II milk the pounds of skim milk subtracted pursuant to subparagraph (1) of this paragraph and if the remaining pounds of skim milk in both classes exceed the pounds of skim milk contained in producer milk, subtract such excess from the remaining pounds of skim milk in series beginning with Class II. Any amount of excess so subtracted shall be called "overage".

(b) Butterfat shall be allocated in accordance with the same procedure prescribed for skim milk in paragraph (a) of this section.

(c) Determine the weighted average butterfat content of producer milk remaining in each class computed pursuant to paragraph (a) and (b) of this section.

MINIMUM PRICES

Sec. 50. Determination.

Subject to appropriate butterfat differential computed pursuant to section 52 and location differential pursuant to section 53 the minimum class prices for producer milk shall be determined by the market administrator pursuant to section 51.

Sec. 51. Class prices.

(a) *Class I price.* The price per hundredweight for Class I milk shall be the Class I price per hundredweight established under Federal Order No. 11, regulating the handling of milk in the Texas Panhandle marketing area, plus 18 cents.

(b) *Class II price.* The price per hundredweight for Class II milk shall be the price established for Class II milk under Federal Order No. 11, regulating the handling of milk in the Texas Panhandle marketing area.

Sec. 52. Butterfat differentials to handlers.

For milk containing more or less than 4.0 percent butterfat, the class prices for the month calculated pursuant to section 51 shall be increased or decreased, respectively, for each one-tenth percent butterfat at the appropriate rate, rounded to the nearest one-tenth cent, determined as follows:

(a) *Class I price.* Multiply the Chicago butter price for the preceding month by 0.125.

(b) *Class II price.* Multiply the Chicago butter price for the current month by 0.115.

Sec. 53. Location differentials to handlers.

For producer milk which is received at a pool plant located 40 miles or more from the City Hall, Lubbock, Texas, by the shortest hard surfaced highway distance as determined by the market administrator and which is classified as Class I milk, the price specified in section 51(a) shall be reduced at the rate set forth in the following table according to the location of the pool plant where such milk is received from producers.

Distance from Lubbock City Hall:	Rate per hundredweight (cents)
40 but less than 50 miles.....	8.0
For each additional 10 miles or fraction thereof an additional.....	1.5

Provided, That for the purpose of calculating such location differential, fluid milk products which are transferred between pool plants shall be assigned to any remainder of Class II milk in the transferee-plant after making the calculations prescribed in section 46(a) (5) and the comparable steps in (b) for such plant, such assignment to transferer plants to be made in sequence according to the location differential applicable at each plant, beginning with the plant having the largest minus differential.

Sec. 54. Use of equivalent prices.

If for any reason a price quotation required by this part for computing class prices or for other purposes is not available in the manner described, the market administrator shall use a price determined by the Secretary to be equivalent to the price which is required.

APPLICATION OF PROVISIONS

Sec. 60. Producer-handler.

Sections 40 through 46, 50 through 53, 70 through 73, 80 through 88, and 95 through 97 shall not apply to a producer-handler.

Sec. 61. Plants subject to other Federal orders.

The provisions of this part shall not apply to a distributing plant or a supply plant during any month in which such plant would be subject to the classification and pricing provisions of another order issued pursuant to the Act unless:

(a) Such plant is qualified as a pool plant pursuant to section 11(a) and a greater volume of fluid milk products is disposed of from such plant on routes

in the Lubbock-Plainview marketing area than in the marketing area regulated pursuant to such other order; or

(b) Such plant is qualified as a pool plant pursuant to section 11(b): *Provided,* That the operator of a distributing plant or a supply plant which is exempted from the provisions of this order pursuant to this section shall, with respect to the total receipts and utilization or disposition of skim milk and butterfat at the plant, make reports to the market administrator at such time and in such manner as the market administrator may require (in lieu of the reports required pursuant to section 30) and allow verification of such reports by the market administrator.

Sec. 62. Handlers operating nonpool plants.

None of the provisions from sections 44 through 53, inclusive, or from sections 70 through 85, inclusive, shall apply in the case of a handler in his capacity as the operator of a nonpool plant, except that such handler shall on or before the 13th day after the end of each month, pay to the market administrator for deposit to the producer-settlement fund an amount calculated by multiplying the total hundredweight of butterfat and skim milk disposed as Class I milk from such plant on routes in the marketing area during the month, by the rate determined pursuant to section 63.

Sec. 63. Rate of payment on unpriced milk.

The rate of payment per hundredweight to be made by handlers on unpriced other source milk allocated to Class I milk shall be any plus amount calculated as follows:

(a) During each month subtract from the Class I price adjusted by the Class I butterfat and location differentials applicable at a pool plant of the same location as the nonpool plant supplying such other source milk, the Class II price adjusted by the Class II butterfat differential.

DETERMINATION OF UNIFORM PRICE TO PRODUCERS

Sec. 70. Computation of value of milk for each handler.

The value of producer milk received during each month by each handler shall be a sum of money computed by the market administrator as follows:

(a) Multiply the pounds of milk in each class by the applicable class price and add together the resulting amounts;

(b) Add the amounts computed by multiplying the pounds of overage deducted from each class pursuant to section 46(a) (7) and the corresponding step of (b) by the applicable class prices;

(c) Add the amount obtained in multiplying the difference between the Class II price for the preceding month and Class I price for the current month by the hundredweight of producer milk classified in Class II less shrinkage during the preceding month, or the hundredweight of milk subtracted from Class I pursuant to section 46(a) (6) and

the corresponding step of (b), whichever is less; and

(d) Add an amount calculated by multiplying the hundredweight of skim milk and butterfat subtracted from Class I milk pursuant to section 46(a) (2) and (3) and the corresponding step of (b), by the rate of payment on unpriced milk determined pursuant to section 63 at the nearest nonpool plant(s) from which an equivalent amount of other source skim milk or butterfat was received: *Provided*, That if the source of any such fluid milk product received at a pool plant is not clearly established or if such skim milk and butterfat is received or used in a form other than as a fluid milk product such product shall be considered to have been received from a source at the location of the pool plant where it was classified.

Sec. 71. Computation of aggregate value used to determine uniform prices.

For each month the market administrator shall compute an aggregate value from which to determine uniform prices per hundredweight for producer milk of 4.0 percent butterfat content, f.o.b. plants located within 40 miles of the City Hall of Lubbock, Texas, as follows:

(a) Combine into one total the values computed pursuant to section 70 for all handlers who made the reports prescribed in section 30 for such month, except those in default of payments required pursuant to section 84 for the preceding month;

(b) Add or subtract for each one-tenth percent that the average butterfat content of producer milk represented by the values included under paragraph (a) of this section is less or more, respectively, than 4.0 percent, an amount computed by multiplying such differences by the butterfat differential to producers, and multiplying the result by the total hundredweight of producer milk;

(c) Add an amount equal to the sum of the location differential deductions to be made pursuant to section 82; and

(d) Add an amount equal to one-half of the unobligated cash balance in the producer-settlement fund.

Sec. 72. Computation of uniform price.

For each of the months of July through February, the market administrator shall compute a uniform price for producer milk of 4.0 percent butterfat content f.o.b. pool plants located within 40 miles of the City Hall of Lubbock, Texas, as follows:

(a) Divide the aggregate value computed pursuant to section 71 by the total hundredweight of producer milk included in such computations; and

(b) Subtract not less than 4 cents or no more than 5 cents from the price computed pursuant to paragraph (a) of this section. The resulting figure shall be the uniform price for producer milk.

Sec. 73. Computation of uniform prices for base milk and excess milk.

For each of the months of March through June, the market administrator shall compute the uniform prices per hundredweight for base milk and for excess milk, each of 4.0 percent butterfat content f.o.b. pool plants located within

40 miles of the City Hall of Lubbock, Texas, as follows:

(a) From the reports submitted by handlers pursuant to section 30, determine the aggregate classification of producer milk included in the computation of value pursuant to section 71 and the total hundredweight of such milk which is base milk and which is excess milk.

(b) Determine the value of such excess milk on a 4 percent butterfat basis by multiplying the total hundredweight of such milk which is not greater than the total Class II milk pursuant to paragraph (a) of this section by the Class II milk price and by adding thereto the value obtained by multiplying the hundredweight of such excess milk which is greater than the quantity of such Class II milk by the Class I price.

(c) Divide the value of excess milk obtained in paragraph (b) of this section by the total hundredweight of such milk, and subtract not less than 4 nor more than 5 cents from the price thus computed. The resulting figure shall be the uniform price for excess milk.

(d) Subtract the value of excess milk obtained in paragraph (b) of this section from the aggregate value of all milk obtained in section 71.

(e) Divide the amount obtained in paragraph (d) of this section by the total hundredweight of base milk obtained in paragraph (a) of this section, and subtract not less than 4 cents nor more than 5 cents from the price thus computed. The resulting figure shall be the uniform price for base milk.

Sec. 80. Time and method of payment for producer milk.

Except as provided in paragraph (c) of this section, each handler shall make payment to each producer for milk received from such producer as follows:

(a) On or before the last day of each month, for milk received during the first 15 days of the month, at not less than the Class II price for the preceding month;

(b) On or before the 15th day after the end of each month, for milk received during such month, an amount computed at not less than the uniform price per hundredweight pursuant to section 72 and section 73 subject to the butterfat differential computed pursuant to section 81 plus or minus adjustments for errors made in previous payments to such producer; and less (1) payment made pursuant to paragraph (a) of this section, (2) location differential deductions pursuant to section 82, (3) marketing service deductions pursuant to section 87 and (4) proper deductions authorized by such producer: *Provided*, That if such handler has not received full payment for such month pursuant to section 85 he may reduce uniformly per hundredweight for all producers his payments pursuant to this paragraph by an amount not in excess of the per hundredweight reduction in payment from the market administrator. The handler shall make such balance of payment to those producers to whom it is due on or before the date for making payment pursuant to this paragraph next following that on which such balance of payment is received from the market administrator;

(c) (1) Upon receipt of a written request from a cooperative association which the market administrator determines is authorized by its members to collect payment for their milk and receipt of a written promise to reimburse the handler the amount of any actual loss incurred by him because of any improper claim on the part of the cooperative association each handler shall pay to the cooperative association on or before the 13th and 24th days of each month, in lieu of payments pursuant to paragraphs (a) and (b), respectively, of this section an amount equal to the sum of the individual payments otherwise payable to such producers. The foregoing payment shall be made with respect to milk of each producer whom the cooperative association certifies is a member effective on and after the first day of the calendar month next following receipt of such certification through the last day of the month next preceding receipt of notice from the cooperative association of a termination of membership or until the original request is rescinded in writing by the cooperative association.

(2) A copy of each such request, promise to reimburse and certified list of members shall be filed simultaneously with the market administrator by the cooperative association and shall be subject to verification at his discretion through audit of the records of the cooperative association pertaining thereto. Exceptions, if any, to the accuracy of such certification by a producer claimed to be a member, or by a handler, shall be made by written notice to the market administrator and shall be subject to his determination.

(d) In making the payments to producers pursuant to paragraphs (b) and (c) of this section, each handler shall furnish each producer or cooperative association from whom he has received milk with a supporting statement in such form that it may be retained by the producer, which shall show:

(1) The month and identity of the handler and of the producer;

(2) The daily and total pounds and the average butterfat content of milk received from such producer, including for the months of March through June, the pounds of base milk and excess milk;

(3) The minimum rate or rates at which payment to the producer is required pursuant to the order;

(4) The rate which is used in making the payment if such rate is other than the applicable minimum rate;

(5) The amount or the rate per hundredweight and the nature of each deduction claimed by the handler; and

(6) The net amount of payment to such producer or cooperative association.

Sec. 81. Butterfat differential to producers.

The applicable uniform prices to be paid each producer pursuant to section 80 shall be increased or decreased for each one-tenth of one percent which the butterfat content of his milk is above or below 4.0 percent, respectively, at the rate determined by multiplying the total pounds of butterfat in the producer milk allocated to Class I and Class II milk

during the month pursuant to section 46 by the respective butterfat differential for each class, dividing the sum of such values by the total pounds of such butterfat, and rounding the resultant figure to the nearest one-tenth of a cent.

Sec. 82. Location differentials to producers.

In making payment pursuant to section 80 the uniform price pursuant to section 72 and the uniform price for base milk pursuant to section 73 to be paid for milk which is received from producers at a pool plant located 40 miles or more from the City Hall, Lubbock, Texas, by the shortest hard-surfaced highway distance as determined by the market administrator shall be reduced at the rate set forth in the following schedule according to the location of the pool plant where such milk is received from producers:

Distance from Lubbock City Hall:	Rate per hundredweight (cents)
40 but less than 50 miles-----	8.0
For each additional 10 miles or fraction thereof an additional----	1.5

Sec. 83. Producer-settlement fund.

The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund" into which he shall deposit all payments made by handlers pursuant to sections 62, 84, and 86, out of which he shall make all payments pursuant to sections 85 and 86: *Provided*, That payments due to any handler shall be offset by payments due from such handler.

Sec. 84. Payments to the producer-settlement fund.

On or before the 12th day after the end of each month each handler shall pay to the market administrator the amount by which the value of milk for such handler, pursuant to section 70, for such month exceeds the obligation, pursuant to section 80, of such handler to producers for milk received during the month.

Sec. 85. Payments out of the producer-settlement fund.

On or before the 13th day after the end of each month, the market administrator shall pay to each handler the amount by which the obligation, pursuant to section 80, of such handler to producers for milk received during the month exceeds the value of milk for such handler computed pursuant to section 70. If at such time the balance in the producer-settlement fund is insufficient to make all payments pursuant to this section the market administrator shall reduce uniformly per hundredweight such payments and shall complete such payments as soon as the appropriate funds are available.

Sec. 86. Adjustments of errors in payment.

Whenever verification by the market administrator of payments by any handler discloses errors made in payments to the producer-settlement fund pursuant to section 84, the market administrator shall promptly bill such handler

for the unpaid amount and such handler shall, within 15 days, make payment to the market administrator of the amount so billed. Whenever verification discloses that payment is due from the market administrator to any handler, pursuant to section 85, the market administrator shall, within 15 days, make such payment to such handler. Whenever verification by the market administrator of the payment by a handler to any producer or cooperative association for milk received by such handler discloses payment of less than is required by section 80, the handler shall pay such balance due such producer or cooperative association no later than the time of making payment to producers of cooperative associations next following such disclosure.

Sec. 87. Marketing services.

(a) Except as set forth in paragraph (b) of this section, each handler in making payments to each producer pursuant to section 80(b), shall deduct 6 cents per hundredweight or such lesser amount as the Secretary may prescribe, with respect to all milk received by such handler from such producer (except such handler's own farm production), during the month, and shall pay such deductions to the market administrator no later than the 15th day after the end of the month. Such money shall be used by the market administrator to verify or establish weights, samples, and tests of milk received by handlers from such producers during the month and to provide such producers with market information. Such services shall be performed in whole or in part by the market administrator or by an agent engaged by and responsible to him.

(b) *Producers' cooperative association.* In the case of producers for whom a cooperative association is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section, each handler shall make, in lieu of the deductions specified in paragraph (a) of this section, such deductions as are authorized by such producers and, on or before the 15th day after the end of each month, pay over such deductions to the association rendering such services.

Sec. 88. Expenses of administration.

As his pro rata share of the expense of the administration of the order, each handler shall pay to the market administrator, on or before the 15th day after the end of each month, 5 cents per hundredweight or such lesser amount as the Secretary may prescribe, with respect to butterfat and skim milk contained in:

- Producer milk;
- Other source milk at a pool plant which is allocated to Class I milk pursuant to section 46; and
- Class I milk disposed of in the marketing area (except to a pool plant) from a nonpool plant not fully subject to the classification and pricing provisions of another order issued pursuant to the Act.

Sec. 89. Adjustment of overdue accounts.

There shall be added to any balance due to the market administrator pur-

suant to sections 62, 84, 86, 87, and 88 an amount equal to one-half of one percent of such balance for each month or any portion thereof that payment of the balance is overdue.

Sec. 90. Termination of obligations.

The provision of this section shall apply to any obligation under this part for the payment of money.

(a) The obligation of any handler to pay money required to be paid under the terms of this part shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator receives the handler's utilization report on the milk involved in such obligation unless within such two-year period, the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address, and it shall contain, but not need to be limited to, the following information:

(1) The amount of obligation;

(2) The month(s) during which the milk with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers, or to an association of producers, the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this part, to make available to the market administrator or his representatives all books and records required by this part to be made available, the market administrator may, within the two-year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which all such books and records pertaining to such obligation are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraph (a) and (b) of this section, a handler's obligation under this part to pay money shall not be terminated with respect to any transaction involving fraud or wilful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this part shall terminate two years after the end of the calendar month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such pay-

ment is claimed, unless such handler, within the applicable period of time, files pursuant to 8c(15)(A) of the Act, a petition claiming such money.

DETERMINATION OF BASE

Sec. 95. Daily base.

The daily base for each producer shall be the amount obtained by dividing the total pounds of producer milk received from such producer by all handlers operating pool plants during the months of September through December, immediately preceding, by the number of days from the first day of delivery by such producer during such months to the last day of December, inclusive, less the number of days for which no deliveries are made, but not less than 112 days.

Sec. 96. Base rules.

The following rules shall apply in connection with the establishment of bases:

(a) A base shall apply to deliveries of milk by the producer for whose account that milk was delivered during the months of September through December.

(b) An entire base shall be transferred from a person holding such base to any other person effective as of the first day of any month following receipt by the market administrator of an application for such transfer. Such application shall be on a form approved by the market administrator and shall be signed by the baseholder and by the person to whom such base is to be transferred: *Provided*, That if a base is held jointly, the entire base shall be transferable only upon receipt of such application signed by all joint holders: *And provided further*, That if one or more bases are transferred to a producer already holding a base which was either earned by such producer, or transferred to him, a new base shall be computed by adding together the total deliveries during the base-forming period of all persons in whose name such bases were earned and dividing the total by the number of days from the earliest date of delivery during the base-forming period by any of such persons to the last day of December, inclusive, or by 112, whichever is greater.

Sec. 97. Announcement of established bases.

On or before February 15 of each year the market administrator shall notify each producer and the handler receiving milk from such producer of the daily base established by such producer.

EFFECTIVE TIME, SUSPENSION OR TERMINATION

Sec. 100. Effective time.

The provision of this part, or any amendments to this part, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated.

Sec. 101. Suspension or termination.

The Secretary shall suspend or terminate any or all of the provisions of this part, whenever he finds that it obstructs or does not tend to effectuate the declared policy of the Act. This part shall, in any event, terminate whenever the

provisions of the Act authorizing it cease to be in effect.

Sec. 102. Continuing power and duty of the market administrator.

(a) If, upon the suspension or termination of any or all of the provisions of this part, there are any obligations arising hereunder, the final accrual or ascertainment of which requires further acts by any handler, by the market administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination: *Provided*, That any such acts required to be performed by the market administrator shall if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

(b) The market administrator, or such other person as the Secretary may designate shall:

(1) Continue in such capacity until discharged by the Secretary;

(2) From time to time account for all receipts and disbursements and deliver all funds or property on hand together with the books and records of the market administrator, or such person, to such person as the Secretary shall direct; and

(3) If so directed by the Secretary execute such assignments or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the market administrator or such person pursuant thereto.

Sec. 103. Liquidation after suspension or termination.

Upon the suspension or termination of any or all provisions of this part the market administrator, or such person as the Secretary may designate shall, if so directed by the Secretary, liquidate the business of the market administrator's office and dispose of all funds and property then in his possession or under his control, together with claims for any funds which are unpaid or owing at the time of such suspension or termination. Any funds collected pursuant to the provision of this part, over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the market administrator or such person in the liquidating of such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

MISCELLANEOUS PROVISIONS

Sec. 110. Separability of provisions.

If any provision of this part or its application to any person or circumstance is held invalid, the application of such provision and of the remaining provisions of this part, to other persons or circumstances shall not be affected thereby.

Sec. 111. Agents.

The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions of this part.

Proposed by the Central West Texas Producers Association.

Proposal No. 2.

DEFINITIONS

Section 1. Act.

"Act" means Public Act No. 10, 73d Congress, as amended, and as re-enacted and amended, all by the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq.).

Sec. 2. Secretary.

"Secretary" means the Secretary of Agriculture or such other officer or employee of the United States authorized to exercise the powers or to perform the duties of the said Secretary of Agriculture.

Sec. 3. Department.

"Department" means the United States Department of Agriculture or such other Federal agency authorized to perform the price reporting functions specified in this part.

Sec. 4. Person.

"Person" means any individual, partnership, corporation, association, or any other business unit.

Sec. 5. Cooperative association.

"Cooperative association" means any cooperative marketing association of producers which the Secretary determines, after application by the association:

(a) To be qualified under the provisions of the Act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act"; and

(b) To have full authority in the sale of milk of its members and to be engaged in making collective sales of marketing milk or its products for its members.

Sec. 6. Greater Lubbock, Texas, marketing area.

The "Greater Lubbock, Texas, marketing area" called the marketing area in this part means all territory within the boundaries of the following named counties, all in the State of Texas, including all City, State, and Federal installations or reservations included therein:

Farmer.	Bailey.
Hale.	Cochran.
Hockley.	Crosby.
Yoakum.	Motley.
Castro.	Lamb.
Floyd.	Terry.
Lubbock.	Lynn.
Garza.	Kent.
Dickens.	

Sec. 7. Approved plant.

"Approved plant" means:

(a) A milk plant approved by and under the routine inspection of the health authority of any municipality in the marketing area:

(1) From which Class I milk labeled Grade A in consumer packages is disposed of in the marketing area on routes, or

(2) Which receives milk from producers as defined in section 10(a) which serves as a receiving station by receiving, weighing and commingling producer milk, and from which milk or skim milk (i) is moved to a plant specified in sub-

paragraph (1) of this paragraph during the month, or (ii) was moved to plant(s) specified in subparagraph (1) of this paragraph in an amount equal to 60 percent or more of the total receipts of producer milk during the months of October through January immediately preceding any month of April, May, or June during which no milk was moved to such a plant, or

(b) A milk plant approved by and under the routine inspection of a health authority other than that of a municipality in the marketing area from which Class I milk labeled Grade A in consumer packages is disposed of in the marketing area on a route operated wholly or partially in the marketing area.

Sec. 8. Unapproved plant.

"Unapproved plant" means any milk processing or distributing plant which is not an approved plant.

Sec. 9. Handler.

"Handler" means:

(a) Any person in his capacity as the operator of an approved plant;

(b) Any person in his capacity as the operator of an unapproved plant from which Class I milk is disposed of during the month on a route in the marketing area, or

(c) Any cooperative association with respect to the milk of any producer which it causes to be diverted to an unapproved plant for the account of such cooperative association.

Sec. 10. Producer.

"Producer" means any person other than a producer-handler:

(a) Who produces milk under a dairy farm permit or rating for the production of milk to be disposed of for consumption as Grade A milk issued by the health authority of any municipality in the marketing area, which milk is received at an approved plant described in section 7(a); or

(b) Who produces milk under a dairy farm permit or rating for the production of milk to be disposed of for consumption as Grade A milk issued by a health authority whose certification is accepted by the appropriate health authority of a municipality in the marketing area, which milk is received at an approved plant described in section 7(b).

(c) "Producer" shall include any such person whose milk is regularly received at an approved plant, but whose milk is caused to be diverted by a handler to an unapproved plant, and milk so diverted shall be deemed to have been received at an approved plant by the handler who causes it to be diverted. "Producer" shall not include any person with respect to milk produced by him which is received at a plant operated by a handler who is subject to another Federal marketing order and who is partially exempt from the provisions of this order pursuant to section 61.

Sec. 11. Producer milk.

"Producer milk" means all skim milk and butterfat in milk produced by producers which is received by a handler,

either directly from producers or from other handlers.

Sec. 12. Other source milk.

"Other source milk" means all skim milk and butterfat other than that contained in producer milk.

Sec. 13. Producer-handler.

"Producer-handler" means any person who produces milk and operates an approved plant, but who receives no milk other than that from his own production and from approved plants.

Sec. 14. Route.

"Route" means any delivery (including any delivery by a vendor or at a plant store) of milk, skim milk, buttermilk or flavored milk drink other than to a milk processing plant.

Sec. 15. Base milk.

"Base milk" means milk received from a producer by a handler during any of the months of April through June which is not in excess of such producer's daily average base computed pursuant to section 80 multiplied by the number of days in such month for which such producer delivered milk to such handler.

Sec. 16. Excess milk.

"Excess milk" means producer milk received by a handler during any of the months of April through June which is in excess of base milk received from such producer during such month, and it shall include all milk received from producers for whom no daily average base can be computed pursuant to section 80.

MARKET ADMINISTRATOR

Sec. 20. Designation.

The agency for the administration of this part shall be a market administrator, selected by the Secretary, who shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

Sec. 21. Powers.

The market administrator shall have the following powers with respect to this part:

(a) To administer its terms and provisions;

(b) To receive, investigate, and report to the Secretary complaints of violations;

(c) To make rules and regulations to effectuate its terms and provisions; and

(d) To recommend amendments to the Secretary.

Sec. 22. Duties.

The market administrator shall perform all duties necessary to administer the terms and provisions of this part, including but not limited to the following:

(a) Within 30 days following the date on which he enters upon his duties, or such lesser period as may be prescribed by the Secretary, execute and deliver to the Secretary a bond effective as of the date on which he enters upon such duties and conditioned upon the faithful performance of such duties, in an

amount and with surety thereon satisfactory to the Secretary;

(b) Employ and fix the compensation of such persons as may be necessary to enable him to administer its terms and provisions;

(c) Obtain a bond in reasonable amount and with reasonable surety thereon covering each employee who handles funds entrusted to the market administrator;

(d) Pay out of funds provided by section 98 the cost of his bond and of the bonds of his employees, his own compensation, and all other expenses (except those incurred under section 97) necessarily incurred by him in the maintenance and functioning of his office and in the performance of his duties.

(e) Keep such books and records as will clearly reflect the transactions provided for in this part, and upon request by the Secretary, surrender the same to such other person as the Secretary may designate;

(f) Submit his books and records to examination by the Secretary and furnish such information and reports as may be requested by the Secretary;

(g) Audit all reports and payments by each handler by inspection of such handler's records and of the records of any other handler or person upon whose utilization the classification of skim milk or butterfat for such handler depends;

(h) Publicly announce, at his discretion, by posting in a conspicuous place in his office and such other means as he deems appropriate, the name of any person who, within five days after the day upon which he is required to perform such acts, has not:

(1) Made reports pursuant to section 30 to section 32, inclusive; or

(2) Made payments pursuant to section 90 to section 99, inclusive.

(i) On or before the 12th day after the end of each month, report to each cooperative association, which so requests, the amount and class utilization of milk received by each handler from producers who are members of such cooperative association. For the purpose of this report, the milk so received shall be prorated to each class in the proportion that the total receipts of milk from producers by such handler were used in each class;

(j) Publicly announce by posting in a conspicuous place in his office and by such other means as he deems appropriate, the prices determined for each month as follows:

(1) On or before the 5th day of each month the minimum prices for Class I milk pursuant to section 50 and the Class I butterfat differential pursuant to section 52(a), both for the current month, and the minimum price for Class II milk pursuant to section 51 and the Class II butterfat differential pursuant to section 52(b), both for the preceding month; and

(2) On or before the 12th day of each month, the uniform prices computed pursuant to section 72 or section 73 as applicable and the butterfat differential, computed pursuant to section 92, both applicable to milk delivered during the preceding month.

(k) Prepare and disseminate to the public such statistics and information as he deems advisable and as do not reveal confidential information; and

(l) Furnish to a cooperative association upon request the data furnished to the market administrator pursuant to section 31(a) with respect to milk of its members.

REPORTS, RECORDS AND FACILITIES

Sec. 30. Reports of receipts and utilization.

On or before the 7th day after the end of each month, each handler, except a producer-handler, shall report to the market administrator in detail and on forms prescribed by the market administrator as follows for each approved plant operated by him, or, in the case of a cooperative association, for producer milk diverted by it:

(a) The quantities of skim milk and butterfat contained in milk received from producers, and for the months of April through June, the aggregate quantities of base milk and excess milk.

(b) The quantities of skim milk and butterfat contained in (or used in the production of) receipts from other handlers;

(c) The quantities of skim milk and butterfat contained in receipts of other source milk (except Class II products disposed of in the form in which received without further processing or packaging by the handler);

(d) The quantities of skim milk and butterfat contained in or represented by all milk, skim milk, cream, and products specified as Class I milk pursuant to section 41(a) on hand at the beginning and the end of the month;

(e) The utilization of all skim milk and butterfat required to be reported pursuant to this section;

(f) The pounds of milk received from producers at each approved plant and the pounds of Class I milk disposed of from each such plant, if the handler operates more than one approved plant;

(g) The disposition of Class I products on routes wholly outside the marketing area; and

(h) Such other information with respect to receipts and utilization as the market administrator may prescribe.

Sec. 31. Reports of payments to producers.

On or before the 20th day of each month, each handler shall submit to the market administrator his producer payroll for deliveries of the preceding month which shall show:

(a) The total pounds and the average butterfat test of milk received from each producer and cooperative association, the number of days, if less than the entire month, for which milk was received from each such producer, and, for the months of April through June, such producer's deliveries of base milk and excess milk;

(b) The amount of payment to each producer and cooperative association; and

(c) The nature and amount of any deductions or charges involved in such payments.

Sec. 32. Other reports.

(a) Each producer-handler shall make reports to the market administrator at such time and in such manner as the market administrator may prescribe.

(b) Each handler who causes milk to be diverted to an unapproved plant shall, prior to such diversion, report to the market administrator and to the cooperative association of which such producer is a member, his intention to divert such milk, the proposed date or dates of such diversion, and the plant to which such milk is to be diverted.

Sec. 33. Records and facilities.

Each handler shall maintain and make available to the market administrator or to his representatives during the usual hours of business such accounts and records of his operations and such facilities as are necessary for the market administrator to verify or establish the correct data with respect to:

(a) The receipts and utilization of all receipts of producer milk and other source milk;

(b) The weights and tests for butterfat and other content of all milk, skim milk, cream, and milk products handled;

(c) Payments to producers and cooperative associations; and

(d) The pounds of skim milk and butterfat contained in or represented by all milk, skim milk, cream and milk products on hand at the beginning and end of each month.

Sec. 34. Retention of records.

All books and records required under this part to be made available to the market administrator shall be retained by the handler for a period of three years to begin at the end of the month to which such books and records pertain: *Provided*, That if, within such three-year period, the market administrator notifies the handler in writing that the retention of such books and records, or of specified books and records, is necessary in connection with a proceeding under section 8c(15)(a) of the Act, or a court action specified in such notice, the handler shall retain such books and records, until further written notification from the market administrator. In either case, the market administrator shall give further written notification to the handler promptly, upon the termination of the litigation, or when the records are no longer necessary in connection therewith.

CLASSIFICATION

Sec. 40. Skim milk and butterfat to be classified.

All skim milk and butterfat received within the month by a handler which is required to be reported pursuant to section 30 shall be classified by the market administrator pursuant to the provisions of sections 41 to 46, inclusive.

Sec. 41. Classes of utilization.

Subject to the conditions set forth in sections 43 and 44, the classes of utilization shall be as follows:

(a) Class I milk shall be all skim milk (including reconstituted skim milk) and

butterfat disposed of in the form of milk, skim milk, buttermilk, flavored milk drinks, cream, cultured sour cream, any mixture (except eggnog, aerated cream products and mixes for ice cream or other frozen dairy products) of cream and milk or skim milk, and all skim milk and butterfat not specifically accounted for under paragraph (b) of this section; and

(b) Class II milk shall be all skim milk and butterfat:

(1) Used to produce any product other than those specified in paragraph (a) of this section;

(2) Disposed of for livestock feed;

(3) In shrinkage up to 2 percent (5 percent, with respect to receipts of skim milk during the months of April, May, and June) of receipts from producers;

(4) In shrinkage of other source milk; and

(5) In inventory at the end of the month as skim milk, cream, or any product specified in paragraph (a) of this section.

Sec. 42. Shrinkage.

The market administrator shall allocate shrinkage over a handler's receipts as follows:

(a) Compute the total shrinkage of skim milk and butterfat for each handler; and

(b) Prorate the resulting amounts between the receipts of skim milk and butterfat in producer milk and in other source milk.

Sec. 43. Responsibility of handlers and reclassification of milk.

(a) All skim milk and butterfat shall be Class I milk unless the handler who first receives such skim milk or butterfat proves to the market administrator that such skim milk or butterfat should be classified otherwise.

(b) Any skim milk or butterfat classified as Class II milk shall be reclassified if later disposed of (whether in original or other form) as Class I milk.

Sec. 44. Transfers.

Skim milk or butterfat disposed of by a handler by either transfer or diversion from an approved plant shall be classified:

(a) At the class mutually indicated in writing to the market administrator by both handlers on or before the 7th day after the end of the month within which such transaction occurred, otherwise as Class I milk, if transferred or diverted in the form of milk, skim milk, or cream, to the approved plant of another handler (except a producer-handler), subject in either event to the following conditions:

(1) The receiving handler has utilization in such class of an equivalent amount of skim milk and butterfat, respectively; and

(2) Such skim milk or butterfat shall be classified so as to allocate to producer milk the greatest possible Class I utilization in the two plants.

(b) As Class I milk, if transferred to a producer-handler in the form of milk, skim milk, or cream.

(c) As Class I milk, if transferred or diverted in the form of milk or skim

milk to an unapproved plant more than 300 miles distant by the shortest highway distance, as determined by the market administrator.

(d) As Class I milk if transferred in the form of cream under Grade A certification to an unapproved plant located more than 300 miles distant and as Class II milk if so transferred without Grade A certification.

(e) As Class I milk if transferred or diverted in the form of bulk milk, skim milk or cream to an unapproved plant located not more than 300 miles distant by the shortest highway distance and from which fluid milk is disposed of on wholesale or retail routes, unless the conditions in subparagraphs (1) and (2) of this paragraph are met:

(1) The market administrator is permitted to audit the records of such unapproved plant; and

(2) Such unapproved plant receives milk from dairy farmers who the market administrator determines constitutes its regular source of supply for Class I milk.

(3) If these conditions are met, the market administrator shall classify such milk as reported by the handler, subject to verification as follows:

(i) Determine the use of all skim milk and butterfat at such unapproved plant; and

(ii) Allocate the skim milk and butterfat so transferred or diverted to the highest use classification remaining after subtracting in series beginning with the highest use classification, the skim milk and butterfat in milk received at the unapproved plant direct from dairy farmers.

(f) As Class II milk if transferred or diverted in the form of milk, skim milk, or cream to an unapproved plant located not more than 300 miles distant by the shortest highway distance from which fluid milk is not disposed of on wholesale or retail routes.

Sec. 45. Computation of the skim milk and butterfat in each class.

For each month the market administrator shall correct for mathematical and for other obvious errors the monthly report submitted by each handler and shall compute the pounds of skim milk and butterfat in Class I and Class II for such handler.

Sec. 46. Allocation of skim milk and butterfat classified.

After making the computations pursuant to section 45, the market administrator shall determine the classification of milk received by each handler from producers as follows:

(a) Skim milk shall be allocated in the following manner:

(1) Subtract from the total pounds of skim milk in Class II the pounds of skim milk determined pursuant to section 41 (b) (3).

(2) Subtract from the remaining pounds of skim milk in each class the pounds of skim milk received from other handlers in a form other than milk, skim milk or cream according to its classification pursuant to section 41;

(3) Subtract from the remaining pounds of skim milk in Class I the pounds of skim milk received as Class I

products in consumer packages from an unapproved plant which are not in excess of the pounds of skim milk transferred to such unapproved plant as Class I milk;

(4) Subtract from the remaining pounds of skim milk, in series beginning with Class II, the pounds of skim milk in other source milk;

(5) Subtract from the remaining pounds of skim milk, in series beginning with Class II, the pounds of skim milk in the Class I items in inventory at the beginning of the month;

(6) Subtract from the remaining pounds of skim milk in each class the skim milk received from other handlers in the form of milk, skim milk, or cream, according to its classification as determined pursuant to section 44(a);

(7) Add to the remaining pounds of skim milk in Class II the pounds of skim milk subtracted pursuant to subparagraph (1) of this paragraph; and

(8) If the remaining pounds of skim milk in both classes exceed the pounds of skim milk received from producers, subtract such excess from the remaining pounds of skim milk in series beginning with Class II milk. Any amount so subtracted shall be called "overage".

(b) Butterfat shall be allocated in accordance with the same procedure outlined for skim milk in paragraph (a) of this section.

(c) Determine the weighted average butterfat content of Class I milk and Class II milk computed pursuant to paragraphs (a) and (b) of this section.

MINIMUM PRICES

Sec. 50. Class I price.

Subject to the provisions of sections 52 and 53, the minimum price per hundredweight to be paid by each handler for milk received at his plant from producers and classified as Class I milk shall be the price for Class I milk established under Federal Order No. 43 regulating the handling of milk in the North Texas marketing area, plus 25 cents.

Sec. 51. Class II milk.

Subject to the provisions of section 52, the minimum price per hundredweight to be paid by each handler for milk received at his plant from producers and classified as Class II milk shall be computed by adding together the plus values pursuant to paragraphs (a) and (b) of this section:

(a) From the simple average as computed by the market administrator of the daily wholesale selling prices (using the midpoint of any price range as one price) per pound of Grade A (92-score) bulk creamery butter at Chicago, as reported by the Department during the month, subtract 3 cents, add 20 percent thereof, and multiply by 4.0;

(b) From the simple average as computed by the market administrator of the weighted averages of carlot prices per pound for nonfat dry milk, spray and roller process, respectively, for human consumption, f.o.b. manufacturing plants in the Chicago area, as published for the period from the 26th day of the preceding month through the 25th day of the current month by the Depart-

ment deduct 5.5 cents, multiply by 8.5 and multiply by 0.96.

Sec. 52. Butterfat differential to handlers.

If the average butterfat content of the milk of any handler allocated to any class pursuant to section 46 is more or less than 4.0 percent, there shall be added to the respective class price, computed pursuant to sections 50 and 51, for each one-tenth of one percent that the average butterfat content of such milk is above 4.0 percent, or subtracted for each one-tenth of one percent that such average butterfat content is below 4.0 percent, an amount equal to the butterfat differential computed by multiplying the simple average, as computed by the market administrator, of the daily wholesale selling price per pound (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter at Chicago, as reported by the Department during the appropriate month, by the applicable factor listed below and dividing the result by 10;

(a) *Class I milk.* Multiply such price for the preceding month by 1.25; and

(b) *Class II milk.* Multiply such price for the current month by 1.15.

Sec. 53. Location adjustment to handlers.

For milk which is received from producers at an approved plant located more than 70 miles by the shortest highway distance as determined by the market administrator from the City Hall in Lubbock, Texas, and which is classified as Class I milk, the prices computed pursuant to section 50 shall be reduced by 20 cents, and by an additional 1.5 cents for each 10 miles, or each fraction thereof, that such distance exceeds 80 miles.

Sec. 54. Use of equivalent prices.

If for any reason a price quotation required by this part for computing class prices or for any other purposes is not available in the manner described, the market administrator shall use a price determined by the Secretary to be equivalent to the price which is required.

APPLICATION OF PROVISIONS

Sec. 60. Producer-handlers.

Sections 40 through 46, 50 through 54, 70 through 75, 80 through 81, and 90 through 99, shall not apply to a producer-handler.

Sec. 61. Handlers subject to other orders.

(a) In the case of any handler who operates a plant which the Secretary determines disposes of a greater quantity of milk as Class I milk in another marketing area regulated by another milk marketing agreement or order issued pursuant to the Act than in this marketing area, the provisions of this part shall not apply with respect to the operations of such plant, except as follows:

(b) The handler shall, with respect to his total receipts of skim milk and butterfat, make reports to the market administrator at such time and in such manner as the market administrator may require and allow verification of

such reports by the market administrator.

Sec. 62. Handlers operating unapproved plants from which Class I milk is disposed of in the marketing area.

In the case of any handler described in section 9(b) who is not subject to the provisions of section 61, the reporting, pricing and payment provisions of this part shall apply only as follows:

(a) The handler shall report as required pursuant to sections 30 and 31, reporting receipts from and payments to dairy farmers in lieu of such information with respect to producers, and shall allow verification of such reports pursuant to section 33;

(b) The handler shall pay to the market administrator, on or before the 25th day after the end of the month, with respect to all skim milk and butterfat disposed of as Class I milk during the month on routes operated wholly or partially within the marketing area, any plus difference between:

(1) The value of such skim milk or butterfat at the Class I price which would be applicable at an approved plant thus located, and

(2) The value of such skim milk and butterfat at the price paid dairy farmers by such handler for milk received at the unapproved plant from them during the month, adjusted by the method used in computing payments to such dairy farmers to the average butterfat test of Class I milk disposed of in the marketing area: *Provided*, That if such handler has paid more than one such price the lowest price(s) paid for an equivalent volume of milk shall be used in this computation; and

(c) As his pro rata share of the expense of administration of this part, the handler shall pay to the market administrator, with respect to all Class I milk disposed of on routes in the marketing area, an amount per hundredweight and in the manner specified in section 98.

DETERMINATION OF UNIFORM PRICE

Sec. 70. Computation of value of milk.

The value of milk received during each month by each handler from producers shall be a sum of money computed by the market administrator by multiplying the pounds of such milk in each class by the applicable class prices and adding together the resulting amounts: *Provided*, That if the handler had overage of either skim milk or butterfat, there shall be added to the above values an amount computed by multiplying the pounds of overage deducted from each class pursuant to section 46 by the applicable class prices.

Sec. 71. Computation of aggregate value used to determine price(s).

For each month the market administrator shall compute an aggregate value from which to determine the uniform prices per hundredweight for milk of 4.0 percent butterfat content received from producers as follows:

(a) Combine into one total the values computed pursuant to section 70 for all handlers who made the reports prescribed in section 30 and who made pay-

ments pursuant to sections 90 and 94 for the preceding month.

(b) Subtract the aggregate of the values of all plus location adjustments to producers pursuant to section 91, and add the aggregate of the values of all such minus adjustments;

(c) Add not less than one-half of the unobligated cash balance on hand in the producer-settlement fund; and

(d) Subtract if the average butterfat content of the milk included in these computations is greater than 4.0 percent, or add if such average butterfat content is less than 4.0 percent, an amount computed by multiplying the amount by which the average butterfat content of such milk varies from 4.0 percent by the butterfat differential computed pursuant to section 92, and multiplying the resulting figures by the total hundredweight of such milk.

Sec. 72. Computation of uniform price.

For each of the months of July through March the market administrator shall compute the uniform price per hundredweight for all milk of 4.0 percent butterfat content received at an approved plant as follows:

(a) Divide the aggregate value computed pursuant to section 71 by the total hundredweight of milk included in such computation; and

(b) Subtract not less than 4 cents nor more than 5 cents.

Sec. 73. Computation of uniform prices for base milk and excess milk.

For each of the months of April through June the market administrator shall compute the uniform prices for hundredweight for base milk and for excess milk, each of the 4.0 percent butterfat content, received from producers at an approved plant as follows:

(a) Compute the total value on a 4.0 per cent butterfat basis of excess milk included in these computations by (1) multiplying the hundredweight of such milk by the price for Class II milk of 4.0 percent butterfat content, and (2) adding to the result the amount, if any, by which the value computed pursuant to paragraph (c) (1) of this section exceeds the value computed pursuant to paragraph (c) (2) of this section;

(b) Divide the total value of excess milk obtained in paragraph (a) of this section by the total hundredweight of such milk, and adjust to the nearest cent. The resulting figure shall be the uniform price for excess milk of 4.0 percent butterfat received from producers;

(c) The total value of base milk included in these computations shall be the lesser of:

(1) The aggregate value computed pursuant to section 71, less the value computed pursuant to paragraph (a) (1) of this section, or

(2) The hundredweight of such base milk multiplied by the price for Class I milk of 4.0 percent butterfat content plus 4 cents;

(d) Divide the amount obtained in paragraph (c) of this section by the total hundredweight of base milk included in these computations:

(e) Subtract not less than 4 cents nor more than 5 cents from the amount computed pursuant to paragraph (d) of this section. The resulting figure shall be the uniform price for base milk of 4.0 percent butterfat content received from producers.

DETERMINATION OF BASE

Sec. 80. Computation of daily average base for each producer.

For the months of April through June of each year the market administrator shall compute a daily average base for each producer as follows, subject to the rules set forth in section 81:

(a) Divide the total pounds of milk received by a handler(s) from such producer through and during the months of October through January immediately preceding, by the number of days, not to be less than ninety, of such producer's delivery in such period.

Sec. 81. Base rules.

(a) A base shall apply to deliveries of milk by the producer for whose account that milk was delivered during the base forming period;

(b) Bases may be transferred only by notifying the market administrator in writing before the last day of any month that such base is to be transferred to the person named in such notice only as follows:

(1) In the event of the death, retirement, or entry into military service of a producer, the entire base may be transferred to a member(s) of such producer's immediate family who carries on the dairy operations.

(2) If a base is held jointly and such holding is terminated, the entire base may be transferred to one of the joint holders.

PAYMENTS

Sec. 90. Time and method of payment.

Each handler shall make payment as follows:

(a) On or before the 15th day after the end of the month during which the milk was received, to each producer for whom payment is not made pursuant to paragraph (c) of this section, at not less than the applicable uniform price(s) for such month computed pursuant to section 72 or section 73, adjusted by the butterfat differential computed pursuant to section 92, subject to location differentials and adjustments to producers pursuant to section 91, and less the amount of the payment made pursuant to paragraph (b) of this section: *Provided*, That if by such date such handler has not received full payment pursuant to section 95, he may reduce his total payments to all producers uniformly by not less than the amount of reduction in payments from the market administrator: he shall, however, complete such payments pursuant to this paragraph not later than the date for making such payments next following receipt of the balance from the market administrator.

(b) On or before the 25th day of each month, to each producer for whom payment is not made pursuant to paragraph (c) of this section for milk received

during the first 15 days of such month at not less than the Class II price of the preceding month.

(c) On or before the 13th and 23d days of each month, in lieu of payments pursuant to paragraphs (a) and (b), respectively, of this section, to a cooperative association which so requests with respect to producers for whose milk such cooperative association is authorized to collect payment, an amount equal to the sum of the individual payments otherwise payable to such producer. Such payment shall be accompanied by a statement showing for each producer the items required to be reported pursuant to section 31.

Sec. 91. Location adjustments to producers.

In making payments to producers pursuant to section 90 for all milk received during the months of July through March at an approved plant located 70 miles or more from the City Hall in Lubbock, Texas, there shall be deducted 20 cents per hundredweight of milk for distances of 70 to 80 miles inclusive, plus an additional 1.5 cents for each additional 10 miles or fraction thereof in excess of 80 miles.

Sec. 92. Producer butterfat differential.

In making payments pursuant to section 90(a), there shall be added to or subtracted from the uniform price for each one-tenth of one percent that the average butterfat content of the milk received from the producer is above or below 4.0 percent, an amount computed by multiplying by 1.2 the simple average, as computed by the market administrator of the daily wholesale selling prices per pound (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter at Chicago as reported by the Department during the month when such milk was received, dividing the resulting sum by 10, and rounding to the nearest one-tenth of a cent.

Sec. 93. Producer-settlement fund.

The market administrator shall establish and maintain a separate fund known as the "Producer-settlement fund", into which he shall deposit all payments made by handlers pursuant to sections 62(b), 94, and 96, and out of which he shall make all payments to handlers pursuant to sections 95 and 96.

Sec. 94. Payments to the producer-settlement fund.

On or before the 13th day after the end of the month during which the milk was received, each handler, including a cooperative association which is a handler, shall pay to the market administrator the amount, if any, by which the value of the milk received by such handler from producers as determined pursuant to section 70 is greater than the amount required to be paid producers by such handler pursuant to section 90.

Sec. 95. Payments out of the producer-settlement fund.

On or before the 14th day after the end of the month during which the milk was received, the market administrator shall

pay to each handler, including a cooperative association which is a handler, the amount, if any, by which the value of the milk received by such handler from producers during the month as determined pursuant to section 70 is less than the amount required to be paid producers by such handler, pursuant to section 90: *Provided*, That if the balance in the producer-settlement fund is insufficient to make all payments pursuant to this section, the market administrator shall reduce uniformly such payments and shall complete such payments soon as the necessary funds are available.

Sec. 96. Adjustment of accounts.

Whenever audit by the market administrator of any handler's reports, books, records, or accounts discloses errors resulting in moneys due:

(a) The market administrator from such handler;

(b) Such handler from the market administrator; or

(c) Any producer or cooperative association from such handler, the market administrator shall promptly notify such handler of any amount so due and payment thereof shall be made on or before the next date for making payments set forth in the provisions under which such error occurred.

Sec. 97. Marketing services.

(a) Except as set forth in paragraph (b) of this section, each handler, in making payments to producers (other than himself) pursuant to section 90(a), shall deduct 5 cents per hundredweight or such amount not exceeding 5 cents per hundredweight as may be prescribed by the Secretary, and shall pay such deductions to the market administrator on or before the 15th day after the end of each month. Such moneys shall be used by the market administrator to sample, test, and check the weights of milk received and to provide producers with market information.

(b) In the case of producers for whom a cooperative association is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section, each handler shall make, in lieu of the deductions specified in paragraph (a) of this section, such deductions from the payments to be made to such producers as may be authorized by the Membership Agreement or marketing contract between such cooperative association and such producers and on or before the 15th day after the end of each month pay such deduction to the cooperative association rendering such services, accompanied by a statement showing the quantity of milk for which such deduction was computed for each such producer.

Sec. 98. Expenses of administration.

As his pro rata share of the expense of administration of this part, each handler shall pay to the market administrator on or before the 15th day after the end of the month, 4 cents per hundredweight, or such amount not exceeding 4 cents per hundredweight as the Secretary may prescribe, with respect to all receipts within the month of (a) other source milk which is classified as Class

I milk, and (b) milk from producers, including such handler's own production.

Sec. 99. Termination of obligation.

The provisions of this section shall apply to any obligation under this part for the payment of money.

(a) The obligation of any handler to pay money required to be paid under the terms of this part shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator receives the handler's utilization report on the milk involved in such obligation, unless within such two-year period, the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address, and it shall contain, but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk, with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to an association of producers, the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this part, to make available to the market administrator or his representatives all books and records required by this part to be made available, the market administrator may, within the two-year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which all such books and records pertaining to such obligation are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this part to pay money shall not be terminated with respect to any transaction involving fraud or wilful concealment of a fact, material to the obligation, on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this part shall terminate two years after the end of the calendar month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler, within the applicable period of time, files pursuant to section 8(c) (15) (A) of the Act, a petition claiming such money.

EFFECTIVE TIME, SUSPENSION OR
TERMINATION

Sec. 100. Effective time.

The provisions of this part, or any amendments to this part shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated, pursuant to section 101.

Sec. 101. Suspension or termination.

The Secretary may suspend or terminate this part or any provision of this part whenever he finds this part or any provision of this part obstructs or does not tend to effectuate the declared policy of the Act. This part shall terminate in any event whenever the provisions of the Act authorizing it cease to be in effect.

Sec. 102. Continuing power and duty of the market administrator.

If, upon the suspension or termination of any or all provisions of this part, there are any obligations thereunder the final accrual or ascertainment of which requires further acts by any person (including the market administrator) such further acts shall be performed notwithstanding such suspension or termination.

Sec. 103. Liquidation.

Upon the suspension or termination of the provisions of this part, except this section, the market administrator, or such other liquidating agent as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office, dispose of all property in his possession or control, including accounts receivable, and execute and deliver all assignments or other instruments necessary or appropriate to effectuate any such disposition. If a liquidating agent is so designated, all assets, books and records of the market administrator shall be transferred promptly to such liquidating agent. If, upon such liquidation, the funds on hand exceed the amounts required to pay outstanding obligations of the office of the market administrator and to pay necessary expenses of liquidating and distribution, such excess shall be distributed to contributing handlers and producers in an equitable manner.

MISCELLANEOUS PROVISIONS

Sec. 110. Agents.

The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions of this part.

Sec. 111. Separability of provisions.

If any provision of this part or its application to any person or circumstances is held invalid, the application of such provision and the remaining provisions of this part to other persons or circumstances, shall not be affected thereby.

Proposed by The Borden Company and Bell Dairy Products, Inc.:

Proposal No. 3. That the greater Lubbock marketing area include the counties of: Bailey, Castro, Cochran, Cottle, Crosby, Dickens, Floyd, Gaines,

Garza, Hale, Hockley, Kent, Lamb, Lubbock, Lynn, Motley, Parmer, Terry, and Yoakum all in the State of Texas, including all City, State and Federal reservations and installations situated within the boundaries of these counties.

Proposal No. 4. That all dairy products used in the manufacture of dietary foods such as Borden's ready diet 900, be classified as Class II.

Proposal No. 5. That all manufactured products that do not bear the Grade A label, such as Chip-N-Dip, cottage cheese, salad, or sour creams, ice cream mix and eggnog mix, be classified as Class II.

Proposal No. 6. That any milk solids used in the fortification of any fluid milk product be accounted for on a dry weight basis instead of the fluid equivalent.

Proposed by Cloverlake Dairy Foods, Inc.:

Proposal No. 7. That the marketing area include the counties of Bailey, Castro, Cochran, Cottle, Crosby, Floyd, Garza, Hale, Hockley, Lamb, Lubbock, Lynn, Motley, and Terry, all in the State of Texas, including all City, State and Federal installations, institutions and reservations contained therein.

Proposal No. 8. The Class I price shall not exceed the Class I price established under the Texas Panhandle Federal milk market Order No. 11.

Proposal No. 9. The rate of the administrative assessment specified in the order and applied during the administration of the order shall not exceed the rate of the administrative assessment applicable under the Texas Panhandle Federal milk market Order No. 11.

Copies of this notice may be procured from the Hearing Clerk, Room 112, Administration Building, United States Department of Agriculture, Washington 25, D.C., or may be there inspected.

Issued at Washington, D.C., May 11, 1961.

ROBERT G. LEWIS,
Deputy Administrator, Price
Support, Commodity Stabi-
lization Service.

[F.R. Doc. 61-4489; Filed, May 15, 1961;
8:50 a.m.]

[7 CFR Part 968]

[Docket No. AO-173-A12]

MILK IN WICHITA, KANSAS,
MARKETING AREANotice of Extension of Time for Fil-
ing Exceptions to the Recom-
mended Decision on Proposed
Amendments to Tentative Market-
ing Agreement and Order

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601 et seq), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given that the time for filing exceptions to the recommended decision with respect to the proposed amendments to the tentative marketing agreement, and to the order regulating the

handling of milk in the Wichita, Kansas, marketing area, which was issued March 29, 1961 (26 F.R. 2752), is hereby extended for a period of three days following publication of this notice in the FEDERAL REGISTER.

Dated: May 11, 1961, Washington, D.C.

H. L. FOREST,
Director, Milk Marketing Orders
Division, Commodity Stabi-
lization Service.

[F.R. Doc. 61-4540; Filed, May 15, 1961;
9:05 a.m.]

DEPARTMENT OF HEALTH, EDU-
CATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 121]

FOOD ADDITIVES

Notice of Filing of Petition

Pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409(b)(5), 72 Stat. 1786; 21 U.S.C. 348 (b)(5)), notice is given that a petition (FAP 342) has been filed by Syncro-Mist Controls, Inc., 270 Madison Avenue, New York 16, N.Y., proposing the issuance of a regulation to provide for the safe use of piperonyl butoxide-pyrethrin mixtures as pesticides in food-handling establishments, provided that the residues in food do not exceed the following:

	Part per million
Pyrethrins-----	0.06
Piperonyl butoxide-----	0.60
Petroleum distillate-----	0.67

Dated: May 10, 1961.

[SEAL] WINTON B. RANKIN,
Assistant Commissioner
of Food and Drugs.

[F.R. Doc. 61-4477; Filed, May 15, 1961;
8:48 a.m.]

CIVIL AERONAUTICS BOARD

[14 CFR Part 296]

[Economic Regs. Docket No. 12412]

CLASSIFICATION AND EXEMPTION
OF INDIRECT AIR CARRIERSPreparation of Airwaybills and Mani-
fests by Air Freight Forwarders

MAY 11, 1961.

Notice is hereby given that the Civil Aeronautics Board is proposing new rules with respect to the preparation of airwaybills and manifests by air freight forwarders engaged indirectly in the interstate transportation of property.

The principal features of the proposed rules are explained in the explanatory statement below, and the proposed rules are set forth below. These rules are proposed under authority of sections 204(a), 407, and 416 of the Federal Aviation Act of 1958 (72 Stat. 743, 766, 771; 49 U.S.C. 1324, 1377, 1386).

Interested persons may participate in the proposed rule making through sub-

mission of ten (10) copies of written data, views, or arguments pertaining thereto, addressed to the Docket Section, Civil Aeronautics Board, Washington 25, D.C. All relevant matter in communications received on or before June 14, 1961, will be considered by the Board before taking final action on the proposed rule. Upon receipt by the Board, copies of such communications will be available for examination by interested persons in the Docket Section of the Board, Room 711, Universal Building, 1825 Connecticut Avenue NW., Washington, D.C.

By the Civil Aeronautics Board.

[SEAL]

JAMES L. DEEGAN,
Acting Secretary.

Explanatory Statement. Part 296 of the Board's Economic Regulations (14 CFR Part 296), establishes a class of air carriers designated air freight forwarders, provides certain exemption authority for such carriers and contains rules and conditions with respect to the exercise of that exemption authority.

The Board has found that there is no uniformity among the air freight forwarders in the preparation of their airwaybills and manifests. This lack of uniformity tends to confuse and mislead the shipping public and unduly hampers the Board in effectively carrying out its investigative and policing functions. While all air freight forwarders use some form of airwaybill, some fail to set forth therein an adequate itemization of charges imposed or a description of the commodities being shipped, making it impossible to determine whether the correct commodity rate has been applied without actually opening the package and examining the contents. In order to rectify this situation, rules are proposed herein which specify when an airwaybill and manifest must be prepared and the information required to be set forth in such documents. In substantial part the rules proposed herein are the same as are presently applicable to international air freight forwarders who are subject to Part 297 of the Board's Economic Regulations (14 CFR Part 297).

In addition to the proposed rules relating to the preparation of airwaybills and manifests, the Board also proposes certain clarifying rules which clearly spell out an air freight forwarder's responsibility to report data and information as required by Part 244 (14 CFR Part 244), and its responsibility to comply with the record-retention provisions of Part 249 (14 CFR Part 249).

In view of the foregoing, the Board proposes to revise Subpart H of Part 296 as follows:

Subpart H—Preparation and Retention of Records and Reporting Requirements: Air Freight Forwarders

§ 296.70 Preparation of airwaybills and manifests.

(a) Each holder of an operating authorization as an air freight forwarder shall prepare an accurate airwaybill for each shipment consigned for transportation to a direct air carrier by such holder

in the capacity of an air freight forwarder and a copy thereof shall be supplied to the consignor and to the consignee of each such shipment. Each such airwaybill shall contain:

- (1) The following information:
 - (i) Name and address of consignor, consignee, and air freight forwarder.
 - (ii) A limitation of liability statement.
 - (iii) Number of packages in shipment.
 - (iv) Total weight (both actual and dimensional, where applicable).
 - (v) Description of commodities.
 - (vi) Point of origin and destination of shipment.
 - (vii) Declared value of shipment.
 - (viii) Date of airwaybill preparation.
 - (ix) Name of employee or agent preparing airwaybill.
- (2) The following charges, when applicable:
 - (i) Commodity rate applied.
 - (ii) Total weight-rate charge.
 - (iii) Pick-up and/or delivery.
 - (iv) Excess valuation.
 - (v) Charges advanced.
 - (vi) Assembly or distribution.
 - (vii) Other accessorial charges (specify).
 - (viii) Insurance (liability).
 - (ix) C.o.d. fee.
 - (x) Transportation tax.
 - (xi) Total charges and an indication as to whether charges are prepaid or collect.

(b) Each holder of an operating authorization as an air freight forwarder shall prepare an accurate manifest showing every individual shipment included in each consolidated shipment consigned for transportation to a direct air carrier by such holder. There shall be set forth in each such manifest the following information:

- (1) The number of the air freight forwarder's individual airwaybill for each individual shipment within a consolidated shipment.
- (2) Name of the direct air carrier transporting the shipment and the number of the direct air carrier's airwaybill under which the shipment is transported.
- (3) Date of shipment.
- (4) Weight of each individual shipment and the total weight of consolidated shipment.
- (5) When a consolidated shipment consists of a combination of shipments to be transported to points in the United States and foreign points outside thereof, a clear statement that shipments with a foreign destination are included in the consolidated shipment.

NOTE: Where a forwarder proposes to conduct an operation in which simplified documentation is a necessary part, it shall be the responsibility of the forwarder to secure from the Board in advance specific authority for the documentation to be utilized.

§ 296.71 Record-retention requirements.

Each holder of an operating authorization as an air freight forwarder shall comply with the applicable record-retention provisions of Part 249 of this subchapter, as amended.

§ 296.72 Reporting requirements.

Each holder of an operating authorization as an air freight forwarder shall

comply with the applicable reporting provisions of Part 244 of this subchapter, as amended.

[F.R. Doc. 61-4483; Filed, May 15, 1961; 8:49 a.m.]

FEDERAL AVIATION AGENCY

[14 CFR Part 608]

[Airspace Docket No. 61-WA-5]

SPECIAL USE AIRSPACE

Alteration of Restricted Area; Re-opening of Comment Period

In a notice of proposed rule making published in the *FEDERAL REGISTER* on February 4, 1961 (26 F.R. 1098), it was stated that the Federal Aviation Agency was considering the alteration of the lateral size and designated altitudes of the Vieques Island, P.R., Restricted Area (R-7104). In accordance with the terms of the notice, the time for public comment expired 45 days after the date of publication of the notice.

In a supplemental notice of proposed rule making published in the *FEDERAL REGISTER* on March 24, 1961 (26 F.R. 2528), it was stated that the Department of the Navy wished to present additional data on the matter and the date for filing such material was extended to April 15, 1961.

In a supplemental notice of proposed rule making published in the *FEDERAL REGISTER* on April 21, 1961 (26 F.R. 3441), it was stated that the Commonwealth of Puerto Rico wished to present additional data on the matter and the date for filing such material was extended to May 15, 1961.

The Commonwealth of Puerto Rico has informed the Federal Aviation Agency that it wishes a further extension of time in order to complete preparation of comments for inclusion in the docket. This request appears reasonable. Therefore, in order to provide the Commonwealth of Puerto Rico and other interested persons a further opportunity to submit additional written data, views or arguments, the date for filing such material is extended to June 15, 1961.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (14 CFR 409.13), I hereby give notice that the time within which comments will be received for consideration on Airspace Docket No. 61-WA-5 is extended to June 15, 1961. Communications should be submitted in triplicate to the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C.

Section 307(a) of the Federal Aviation Act of 1958 (72 Stat. 749; 49 U.S.C. 1348).

Issued in Washington, D.C., on May 12, 1961.

J. R. BAILEY,
Assistant Chief,
Airspace Utilization Division.

[F.R. Doc. 61-4518; Filed, May 15, 1961; 8:51 a.m.]

Notices

DEPARTMENT OF THE TREASURY

Bureau of Customs

[431.6]

CERTAIN ELECTRICAL ENERGY UNITS

Tariff Classification

MAY 10, 1961.

The Bureau of Customs published in the *FEDERAL REGISTER* of March 15, 1961 (26 F.R. 2197), notice that it had under review the existing practice of classifying certain electrical energy units, in chief value of metal, of a type suitable for joining to a flashlight head, and chiefly used in the United States as components of flashlights, as articles suitable for producing, rectifying, modifying, controlling, or distributing electrical energy, under paragraph 353, Tariff Act of 1930, dutiable at the rate of 15 percent ad valorem under that paragraph as modified.

The Bureau, by letter dated May 10, 1961, addressed to the collector of customs, New York, New York, held these electrical energy units properly classifiable as parts of flashlights under paragraph 353, Tariff Act of 1930, as modified, at the rate of 35 percent ad valorem.

Inasmuch as this decision results in the assessment of duty at a rate of duty higher than that which has been assessed under a uniform and established practice, it shall be applied only to such or similar merchandise entered, or withdrawn from warehouse, for consumption after 90 days after the date of publication of an abstract of this decision in the weekly Treasury Decisions.

[SEAL]

PHILIP NICHOLS, Jr.,
Commissioner of Customs.

[F.R. Doc. 61-4479; Filed, May 15, 1961;
8:49 a.m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[W-094260]

WYOMING

Notice of Proposed Withdrawal and Reservation of Lands

MAY 9, 1961.

The Bureau of Reclamation, United States Department of Interior, has filed an application, Serial No. Wyoming 094260, for the withdrawal of lands described below, from all forms of appropriation under the first form of withdrawal as provided by section 3 of the Act of June 17, 1902 (32 Stat. 388). Grazing administration will remain under the jurisdiction of the Bureau of Land Management until such time as the lands are actually required for reclamation purposes.

The applicant desires the land for reclamation development of the Flaming Gorge Reservoir.

No. 93—Pt. I—4

For a period of thirty days from the date of publication of this notice, all persons who wish to submit comments, suggestions, or objections in connection with the proposed withdrawal may present their views in writing to the State Director, Bureau of Land Management, Department of the Interior, P.O. Box 929, Cheyenne, Wyoming.

If circumstances warrant it, a public hearing will be held at a convenient time and place, which will be announced.

The determination of the Secretary on the application will be published in the *FEDERAL REGISTER*. A separate notice will be sent to each interested party of record.

The lands involved in the application are:

SIXTH PRINCIPAL MERIDIAN, WYOMING
T. 15 N., R. 108 W.,
Sec. 29, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$.

The above areas aggregate 480 acres.

DAVID B. MORGAN,
Acting Manager.

[F.R. Doc. 61-4455; Filed, May 15, 1961;
8:46 a.m.]

Bureau of Reclamation

[Public Announcement 19, Amdt. 3]

COLUMBIA BASIN PROJECT, WASHINGTON

Public Announcement of the Sale of Full-Time Farm Units

Public announcement of the sale of full-time farm units in the South Columbia Basin Irrigation District, Columbia Basin Project, Washington, dated March 19, 1954, and published in the *FEDERAL REGISTER* at 19 F.R. 2029, as amended by Amendment No. 1, dated August 14, 1957, and published in the *FEDERAL REGISTER* at 22 F.R. 6848, and Amendment No. 2, dated March 28, 1958, and published in the *FEDERAL REGISTER* at 23 F.R. 2302, is amended as follows:

In subsection 1a by deleting from the list of farm units offered, Farm Unit 19, Irrigation Block 16.

FLOYD E. DOMINY,
Commissioner of Reclamation.

MAY 5, 1961.

[F.R. Doc. 61-4457; Filed, May 15, 1961;
8:46 a.m.]

[Public Announcement 23, Amdt. 4]

COLUMBIA BASIN PROJECT, WASHINGTON

Public Announcement of the Sale of Full-Time Farm Units

Public announcement of the sale of full-time farm units in the South Columbia Basin Irrigation District, Columbia Basin Project, Washington, dated June 1, 1955, and published in the *FEDERAL REGISTER* at 20 F.R. 4375, as

amended by Amendment No. 1, dated August 14, 1957, and published in the *FEDERAL REGISTER* at 22 F.R. 6848, Amendment No. 2, dated March 28, 1958, and published in the *FEDERAL REGISTER* at 23 F.R. 2303, and Amendment No. 3, dated April 21, 1959, and published in the *FEDERAL REGISTER* at 24 F.R. 3331, is amended in subsection 1a by deleting from the list of farm units offered, Farm Unit 36, Irrigation Block 19.

FLOYD E. DOMINY,
Commissioner of Reclamation.

MAY 5, 1961.

[F.R. Doc. 61-4458; Filed, May 15, 1961;
8:46 a.m.]

[Public Announcement 25, Amdt. 2]

COLUMBIA BASIN PROJECT, WASHINGTON

Public Announcement of the Sale of Full-Time Farm Units

Public announcement of the sale of farm units in the South Columbia Basin Irrigation District, Columbia Basin Project, Washington, dated October 18, 1956, and published in the *FEDERAL REGISTER* at 21 F.R. 8822, as amended by Amendment No. 1, dated April 8, 1958, and published in the *FEDERAL REGISTER* at 23 F.R. 2539, is further amended for Farm Unit 7, Irrigation Block 14, by deleting the second paragraph of sec. 16d *Residence requirements* and substituting the following paragraph:

The time for compliance with initiation of residence may be further extended by the Project Manager for two one-year periods upon his determination that an extension is necessary to avoid undue hardship to the purchaser and that it will not be detrimental to the orderly development of the irrigation block. The latest permissible date for initiating residence, however, will not be extended beyond March 18, 1963.

The purpose of this amendment is to allow additional time to observe the effectiveness of the drainage works that were recently installed to relieve a severe wet land condition on this unit.

FLOYD E. DOMINY,
Commissioner of Reclamation.

MAY 5, 1961.

[F.R. Doc. 61-4459; Filed, May 15, 1961;
8:47 a.m.]

[Public Announcement 30, Amdt. 1]

COLUMBIA BASIN PROJECT, WASHINGTON

Public Announcement of the Sale of Full-Time Farm Units

Public announcement of the sale of farm units in the South Columbia Basin Irrigation District, Columbia Basin Project, Washington, dated May 19, 1959, and

published in the FEDERAL REGISTER at 24 F.R. 4664, is amended as follows:

In subsection 1a by deleting from the list of farm units offered, the farm units listed below:

Irrigation Block No.:	Farm Unit No.
20-----	38
20-----	73
20-----	122
20-----	133
20-----	196

FLOYD E. DOMINY,
Commissioner of Reclamation.

MAY 5, 1961.

[F.R. Doc. 61-4460; Filed, May 15, 1961;
8:47 a.m.]

Farm unit	Irrigation Block	Gross acres	Tentative irrigable acreage			Nonirrigable	Sales price
			Total	Class 1	Class 2		
131-----	80	93.8	89.2	74.9	14.3	4.6	\$2,239.10

Section 16 is also amended by the addition of the following: "It is expected that water will be available to Irrigation Block 80, on a temporary rental basis during the irrigation season of 1962, while the system is being tested; and thereafter during the development period as subsequently announced."

FLOYD E. DOMINY,
Commissioner of Reclamation.

MAY 5, 1961.

[F.R. Doc. 61-4461; Filed, May 15, 1961;
8:47 a.m.]

CIVIL AERONAUTICS BOARD

[Docket 12190]

CUNARD EAGLE AIRWAYS, LTD.

Notice of Prehearing Conference

Notice is hereby given, pursuant to the provisions of the Federal Aviation Act of 1958, as amended, that a prehearing conference in the above-entitled proceeding is assigned to be held on May 25, 1961, at 10:00 a.m., d.s.t., in Room 725, Universal Building, Connecticut and Florida Avenues NW., Washington, D.C., before Examiner William F. Cusick.

Dated at Washington, D.C., May 11, 1961.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F.R. Doc. 61-4480; Filed, May 15, 1961;
8:49 a.m.]

[Docket 11879; Order No. E-16798]

INTERNATIONAL AIR TRANSPORT ASSOCIATION

Agreements Relating to Specific Commodity Rates

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 10th day of May 1961.

In the matter of agreements adopted by the Traffic Conferences of the International Air Transport Association relating to specific commodity rates;

[Public Announcement 31, Amdt. 1]

COLUMBIA BASIN PROJECT, WASHINGTON

Public Announcement of the Sale of Full-Time Farm Units

Public announcement of the sale of farm units in the Quincy-Columbia Basin Irrigation District, Columbia Basin Project, Washington, dated January 18, 1960, and published in the FEDERAL REGISTER at 25 F.R. 883, is amended by deleting from the list of farm units offered Farm Unit 22, Irrigation Block 82, and by adding to subsection 1b the following farm unit:

Docket 11879; Agreement C.A.B. 14602, R-2; Agreement C.A.B. 14827, R-20 and R-21.

There have been filed with the Board, pursuant to section 412(a) of the Federal Aviation Act of 1958 (the Act) and Part 261 of the Board's Economic Regulations, agreements between various air carriers, foreign air carriers, and other carriers, embodied in the resolutions of Traffic Conference 1 and Joint Conference 3-1 of the International Air Transport Association (IATA), and adopted pursuant to the provisions of Resolution 590—Commodity Rates Board.

The agreements cancel one specific commodity rate and name two additional rates. The proposed rates are consistent with the level of rates in effect to other points for the commodities in question.

The Board, acting pursuant to sections 102, 204(a), and 412 of the Act, does not find the subject agreements, which are incorporated in the following IATA Memoranda, to be adverse to the public interest or in violation of the Act, provided that approval thereof is conditioned as hereinafter ordered:

C.A.B. 14827: IATA memorandum
R-20----- TC1/Rates 1184.
R-21----- TC/Rates 1188.
C.A.B. 14602:
R-2----- JT31/Rates 176.

Accordingly, it is ordered, That:

1. Agreement C.A.B. 14827, R-20 and R-21, and Agreement C.A.B. 14602, R-2, are approved, provided that such approval shall not necessarily constitute approval of any specific commodity description contained therein for purposes of tariff publication.

2. Any air carrier party to the agreements, or any interested person, may, within 15 days from the date of service, submit statements in writing, containing reasons deemed appropriate together with supporting data, in support of or in opposition to the Board's action herein. An original and nineteen copies of the statements should be filed with the Board's Docket Section. The Board may, upon consideration of any such statements filed, modify or rescind its action herein by subsequent order.

This order will be published in the FEDERAL REGISTER.

By the Civil Aeronautics Board.

[SEAL]

JAMES L. DEEGAN,
Acting Secretary.

[F.R. Doc. 61-4481; Filed, May 15, 1961;
8:49 a.m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

CABBAGE

Notice of Purchase Program BMP 45a

In order to encourage domestic consumption of cabbage by diversion from the normal channels of trade and commerce in accordance with Section 32, Public Law 320, 74th Congress, approved August 24, 1935, as amended, a cabbage purchase program was made effective on May 4, 1961, and will continue as needed but no later than June 30, 1961. Purchases under this program will be made in producing areas where surpluses are causing serious marketing problems. Cabbage so purchased will be distributed to school lunch programs and other eligible outlets. The quantity to be purchased will depend upon marketing conditions at the time of purchase, the availability of outlets for the use of cabbage without waste, and upon the amount of funds available for such purchases. Information relative to this purchase program may be obtained from: Fruit and Vegetable Division, Agricultural Marketing Service, Department of Agriculture, Washington 25, D.C.

(Sec. 32, 49 Stat. 774, as amended, 7 U.S.C. 612c)

Dated: May 11, 1961.

FLOYD F. HEDLUND,
Deputy Director, Fruit and
Vegetable Division, Agricultural
Marketing Service.

[F.R. Doc. 61-4485; Filed, May 15, 1961;
8:50 a.m.]

APPLICATIONS FOR TOBACCO INSPECTION AND PRICE SUPPORT SERVICES FOR ADDITIONAL SALES ON DANVILLE, VIRGINIA, AND WINSTON-SALEM, NORTH CAROLINA, TOBACCO MARKETS

Notice of Public Hearings

Notice is hereby given of public hearings to be held upon the following applications for tobacco inspection and price support services for additional sales on applicant tobacco markets. The date, time and place of hearing for each application is as follows:

The hearing upon the application of W. N. Terry, Jr., President, The Danville Tobacco Association, Inc., 402 Masonic Temple, Danville, Virginia, for tobacco inspection and price support services for additional sales on the Danville Tobacco market will be held in the Courtroom, U.S. Post Office and Courthouse Building, 700 Main Street, Danville, Virginia,

beginning at 9:30 a.m., e.s.t., on May 24, 1961.

The hearing upon the application of H. M. Bouldin, President, Winston-Salem, Warehouse Association, 723 N. Trade Street, Winston-Salem, North Carolina, for tobacco inspection and price support services for additional sales on the Winston-Salem, North Carolina, tobacco market will be held in the auditorium, County Agricultural Building, 537 Spruce Street, Winston-Salem, North Carolina, beginning 9:30 a.m., e.s.t. on May 25, 1961.

The aforesaid public hearings will be conducted and evidence received pursuant to the concurrent and identical policy statements and regulations governing the extension of tobacco inspection and price support services to new markets and to additional sales on designated markets ("CFR Part 29, Subpart A").

Done at Washington, D.C., this 15th day of May 1961.

JAMES T. RALPH,
Assistant Secretary.

[F.R. Doc. 61-4577; Filed, May 15, 1961;
10:39 a.m.]

FEDERAL AVIATION AGENCY

[OE Docket No. 61-NY-5]

CONSTRUCTION OF RADIO ANTENNA STRUCTURE

Notice of No Airspace Objection

The Federal Aviation Agency has circularized the following proposal to the aviation industry for comment and has conducted an aeronautical study to determine its effect upon the utilization of airspace: The Hershey Broadcasting Company, Inc., Hershey, Pennsylvania, proposes to erect a radio antenna structure near Hershey, Pennsylvania at latitude 40°17'59" north, longitude 76°39'35" west. The overall height of the structure would be 710 feet above mean sea level (135 feet above ground).

No aeronautical objections were received in response to the circularization. The proposed antenna structure would replace an existing 25-foot flag pole atop the Hershey Hotel, one fourth of a mile north of the Hershey Air Park. The flag pole presently exceeds the horizontal surface of Agency TSO-N18 criteria as applied to that airport by 137 feet. The proposed antenna structure would exceed the above criteria by 145 feet. This factor is not disqualifying, but makes an aeronautical study necessary. The Agency study disclosed that the proposed structure would have no substantial adverse effect upon aeronautical operations, procedures or minimum flight altitudes.

Therefore, I find that the proposed structure at the location and mean sea level elevation specified herein would have no substantial adverse effect upon aeronautical operations, procedures or minimum flight altitudes and conclude that no objection thereto from an airspace utilization standpoint be interposed by the Agency, provided the structure is marked and lighted in ac-

cordance with applicable rules and standards.

This finding will be effective upon publication in the **FEDERAL REGISTER**.

Issued in Washington, D.C., on May 9, 1961.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 61-4450; Filed, May 15, 1961;
8:45 a.m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 812-1404]

CAMBRIDGE GROWTH FUND, INC.

Notice of Filing of Application Exempting Purchase of Securities During an Underwriting

MAY 9, 1961.

Notice is hereby given that Cambridge Growth Fund, Inc., New York, N.Y. ("Applicant"), a registered, open-end diversified investment company has filed an application pursuant to section 10(f) of the Investment Company Act of 1940 ("Act") for an order of the Commission exempting from the provisions of section 10(f) of the Act the proposed purchase by the Applicant of approximately 333 shares of common stock of Howard Johnson Company, which is a portion of a 660,000 share offering of \$1.00 par value capital stock expected to be offered to the public pursuant to a Registration Statement filed with the Commission on March 13, 1961, under the Securities Act of 1933. The public offering price is expected to be fixed at a price between \$30 and \$35 per share.

Applicant intends to purchase the stock at the public offering price from Laird, Bissell & Meeds, a member of the selling group of underwriters. Mr. Maxwell Ohlman is an employee of Laird, Bissell & Meeds and is also a director of Applicant. Applicant became an open-end investment company on April 17, 1961 and presently has assets amounting to approximately \$308,000. The proposed investment will not exceed \$10,000 or about 3.24 percent of Applicant's total assets.

Section 10(f) of the Act provides, among other things, that no registered investment company shall knowingly purchase or otherwise acquire, during the existence of any underwriting or selling syndicate, any security (except a security of which such company is the issuer) a principal underwriter of which is a person of which a director of such registered investment company is an affiliated person. The Commission may exempt a transaction from this prohibition if and to the extent that such exemption is consistent with the protection of investors. Since one of the Applicant's directors is an affiliated person of a member of the underwriting group offering the stock, the purchase thereof by Applicant is subject to the provisions of section 10(f) of the Act.

Notice is further given that any interested person may, not later than May 24, 1961, at 5:30 p.m., submit to the Commission in writing any facts bearing upon the desirability of a hearing on the matter and may request that a hearing be held, such request stating the nature of his interest, the reasons for such request and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission should order a hearing thereon. Any such communication or request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, the application may be granted as provided in Rule O-5 of the rules and regulations promulgated under the Act, an order disposing of the application herein may be issued by the Commission upon the basis of the showing contained in said application unless an order for hearing upon said application shall be issued upon request or upon the Commission's own motion.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 61-4465; Filed, May 15, 1961;
8:47 a.m.]

[File No. 812-1405]

CAMBRIDGE GROWTH FUND, INC.

Notice of Filing of Application Exempting Purchase of Securities During an Underwriting

MAY 9, 1961.

In the matter of Cambridge Growth Fund, Inc. (New York, N.Y.), File No. 812-1405.

Notice is hereby given that Cambridge Growth Fund, Inc., New York, N.Y. ("Applicant"), a registered, open-end diversified investment company, has filed an application pursuant to section 10(f) of the Investment Company Act of 1940 ("Act") for an order of the Commission exempting from the provisions of section 10(f) of the Act the proposed purchase by the Applicant of approximately 213 shares of common stock of Microwave Associates, Inc., which is a portion of a 240,000 share offering of \$1.00 par value capital stock expected to be offered to the public pursuant to a Registration Statement filed with the Commission on March 27, 1961, under the Securities Act of 1933. The public offering price is to be fixed at a price slightly under the market value of the stock at the time the Registration Statement under the Securities Act of 1933 is declared effective. The current market value of the shares of Microwave Associates, Inc. is approximately \$47 per share.

Applicant intends to purchase the stock at the public offering price from Laird, Bissell & Meeds, a member of the selling group of underwriters. Mr. Maxwell Ohlman is an employee of Laird, Bissell & Meeds and is also a director of Applicant. The proposed purchase is not exempted under Rule 10f-3, promulgated under the Act, because: (1) Mr. Ohlman is an affiliate of both the Appli-

cant and of Laird, Bissell & Meeds and (2) because the sales commission may exceed 7 percent which is the limit applicable to common stock purchases under the Rule.

Applicant became an open-end investment company on April 17, 1961, and presently has assets amounting to approximately \$308,000. The proposed investment will not exceed \$10,000 or about 3.24 percent of Applicant's total assets.

Section 10(f) of the Act provides, among other things, that no registered investment company shall knowingly purchase or otherwise acquire, during the existence of any underwriting or selling syndicate, any security (except a security of which such company is the issuer) a principal underwriter of which is a person of which a director of such registered investment company is an affiliated person. The Commission may exempt a transaction from this prohibition if and to the extent that such exemption is consistent with the protection of investors. Since one of the Applicant's directors is an affiliated person of an investment banking organization which is part of the underwriting group offering the stock, the purchase thereof by Applicant is subject to the provisions of section 10(f) of the Act.

Notice is further given that any interested person may, not later than May 24, 1961, at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his interest, the reason for such request and the issues of fact or law proposed to be controverted, or he may request that he be notified if the Commission should order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, as provided by Rule O-5 of the rules and regulations promulgated under the Act, an order disposing of the application herein may be issued by the Commission upon the basis of the showing contained in said application, unless an order for hearing upon said application shall be issued upon request or upon the Commission's own motion.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 61-4466; Filed, May 15, 1961;
8:47 a.m.]

[File Nos. 70-3955, 70-3958]

GRANITE CITY GENERATING CO. ET AL.

Notice of Proposed Sales of Utility Assets

MAY 8, 1961.

In the matters of Granite City Generating Company and Edward Graff, E. M. Goodman, and John T. Inghram (Voting Trustees), File No. 70-3955; Union Electric Company, File No. 70-3958.

Notice is hereby given that Edward Graff, E. M. Goodman, and John T. Inghram, Voting Trustees under a voting

trust agreement dated February 25, 1938, a registered holding company, and its public-utility subsidiary company, Granite City Generating Company ("Granite City") of Chicago, Illinois, have filed with this Commission a joint declaration and an amendment thereto pursuant to the Public Utility Holding Company Act of 1935 ("Act"). The declaration designates section 12(d) of the Act and Rule 44 thereunder as applicable to the proposed transactions. All interested persons are referred to the declaration, as amended, on file in the offices of this Commission for a statement of the transactions proposed therein, a summary of which follows:

Granite City, an Illinois corporation, was formed in 1937 pursuant to a plan of reorganization of St. Louis Gas & Coke Corporation. In the Matter of St. Louis Gas & Coke Corporation, a corporation, Debtor, Bankruptcy No. 8058, United States District Court, Southern District of Illinois, Southern Division. Granite City has outstanding 308,472 shares of 10 cents par value capital stock. These shares were issued to the Voting Trustees in 1937 who registered under the Act as a holding company. Voting trust certificates and \$1,507,200 principal amount of five percent first mortgage and collateral trust certificates, due 1963, were issued to the holders of St. Louis Gas & Coke Corporation's first mortgage bonds. By its terms the Voting Trust expires on April 1, 1964, and the Voting Trustees may lease or sell the property of Granite City and may liquidate and dissolve that corporation.

Granite City owns physical assets consisting solely of a small generating station and related property and equipment which is primarily used to service Granite City Steel Company ("Steel Company"), a non-affiliated company whose property surrounds the facilities of Granite City. In 1938 the assets of Granite City were leased to Laclede Power & Light Company ("Laclede") for 26 years and one month. In 1945, Union Electric Company ("Union"), a registered holding company and a public-utility company, succeeded, by assignment, to the rights to the lease in connection with Union's acquisition of Laclede's electric facilities. The lease expires April 1, 1964. The principal activity of Granite City has been to collect annual rentals and use the resulting net income for the retirement of its first mortgage and collateral trust certificates. On March 31, 1961, \$833,580 of such trust certificates had been retired through sinking fund payments and \$673,620 were outstanding. The Voting Trustees and Granite City propose to sell to the Steel Company for a cash consideration of \$1,100,000, all of Granite City's assets except cash, bank deposits, and choses in action. At March 31, 1961, the assets of Granite City to be sold, less valuation reserves, were recorded on its books at \$165,905. For the twelve months ended the same date, its operating income, before allowance for depreciation, was \$74,954. The proceeds from the sale of Granite City's property will be used to the extent necessary to redeem and discharge Granite

City's first mortgage and collateral trust certificates.

After the sale of Granite City's physical property, the assets remaining after the payment of liabilities and the expenses of the sale and Granite City's dissolution will be distributed as a liquidating dividend to the Voting Trustees. The Voting Trustees will surrender, and Granite City will acquire for cancellation, all of Granite City's outstanding capital stock. Prior to any distribution of such assets by the Voting Trustees to the holders of the voting trust certificates, the Voting Trustees will file with the Commission pursuant to section 11(e) of the Act a plan for the divestment of such assets. According to the filing no State commission or Federal commission, other than this Commission, has jurisdiction over the transactions now proposed by Granite City and the Voting Trustees. The fees and expenses in connection with such transactions are estimated at \$16,000.

Notice is hereby further given that Union Electric Company ("Union") of St. Louis, Missouri, a registered holding company and a public-utility company, also has filed with this Commission a declaration and an amendment thereto and has designated section 12(d) of the Act and Rule 44 thereunder as applicable to the proposed transaction, a summary of which follows:

Union proposes to sell to the Steel Company for \$376,000, payable in three installments, its interest as lessee, in certain equipment and improvements to the facilities of Granite City leased to Union, and certain other materials and supplies. The original cost of such equipment and improvements, less estimated depreciation to May 1, 1961, is \$28,780 and the cost of the materials and supplies to be sold is \$19,000. Upon the consummation of the sale Union will record on its books a gain of \$328,220 and it is stated that the income tax applicable thereto will be reflected at \$87,000. The Illinois Commerce Commission has approved this sale and it is stated that no other State commission and no Federal commission, other than this Commission, has jurisdiction over the proposed sale. According to the filing the fees and expenses will be nominal.

It is stated that the negotiations in connection with the proposed transactions were conducted over a period of approximately two years and the selling prices were arrived at by arms-length bargaining.

Notice is further given that any interested person may, not later than May 22, 1961, request in writing that a hearing be held on such matters stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by the filings which he desires to controvert, or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, the declarations, as amended or as they may be further amended, may be permitted to become effective as provided in Rule 23 of the general rules and

regulations promulgated under the Act, or the Commission may grant exemption from such rules as provided in Rules 20(a) and 100 thereof or take such other action as it may deem appropriate.

By the Commission.

[SEAL] ORVAL L. DuBois,
Secretary.

[F.R. Doc. 61-4467; Filed, May 15, 1961;
8:47 a.m.]

[File No. 24A-1118]

ISTHMUS STEAMSHIP & SALVAGE CO., INC.

Notice and Order for Hearing

MAY 10, 1961.

I. Isthmus Steamship & Salvage Co., Inc. (issuer), a corporation incorporated under the laws of the State of Delaware on March 8, 1956, with offices at 1214 Ainsley Building, Miami, Florida, filed with the Commission on May 21, 1957, a notification on Form 1-A, and an offering circular and other material relating to a proposed offering by the issuer of 150,000 shares of its 10 cent par value voting common stock at \$2.00 per share for an aggregate amount of \$300,000 for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to the provisions of section 3(b) and Regulation A promulgated thereunder; and

II. On April 13, 1961, the Commission issued an order pursuant to Rule 261 of the general rules and regulations under the Securities Act of 1933, as amended, temporarily suspending the exemption of the issuer under Regulation A and affording to any person having an interest therein an opportunity to request a hearing. A written request for hearing was received by the Commission.

The Commission deeming it necessary and appropriate to determine whether to vacate the temporary suspension order or to enter an order permanently suspending the exemption,

It is hereby ordered, That a hearing under the applicable provisions of the Securities Act of 1933, as amended, and the Rules of Practice of the Commission be held at 1371 Peachtree Street NE., Atlanta, Georgia, at 10:00 a.m., e.d.s.t., on June 19, 1961, with respect to the following matters and questions, without prejudice, however, to the specification of additional issues which may be presented in these proceedings:

A. Whether the offering circular of the issuer contains false and misleading statements as to material facts and omits to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, particularly with respect to:

1. The amount of underwriting discounts, commissions and expenses paid for underwriters and the failure to disclose payment to be made to the underwriter of an additional \$7,500 not revealed in the offering circular;

2. The failure to disclose the true nature and value of the cargo on the

SS "Bayard," and the failure to disclose the true facts concerning the ownership thereof;

3. The misrepresentation concerning the application of proceeds, and the failure to disclose that sums were converted for the personal use of the issuer's president, Robert Stefanich.

B. Whether the issuer, through one of its underwriters, Robert Edelstein Co., directly or indirectly, employed a scheme and artifice to defraud, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made in the light of the circumstances under which they were made not misleading, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of stock of the issuer in violation of section 17(a) of the Securities Act of 1933, particularly with respect to:

1. Statements that purchasers of the issuer's stock would double their money in two or three months;

2. Statements that the price of the issuer's stock would increase from \$2 per share to \$20, \$30, or \$40 per share;

3. Statements that the price of the issuer's stock may go to \$50 per share within one year;

4. Statements that purchasers of the issuer's stock could sell it in two or three weeks and make a nice profit;

5. Statements that the issuer was about to salvage and bring up a highly valued cargo worth \$2,000,000;

6. Statements that anticipated publicity in nationally known magazines would push the stock up 10 to 15 points;

7. Statements that the stock had unlimited money-making potentialities;

8. Statements that there were possibilities for stock dividends;

9. Statements that purchasers could make as much as \$32 per share and that some purchasers had made as high as \$100 per month on 100 shares.

C. Whether the following material facts, which should have been disclosed in order to make the statements made, in the light of the circumstances under which they were made, not misleading, were concealed and omitted in order to induce investors to purchase the issuer's securities:

1. The fact that there were no prospects of any immediate salvage work because of the issuer's lack of funds;

2. The fact that the issuer's operations disclose continued operating deficits;

3. The fact that the issuer had no earnings or earned surplus from which to declare or pay any stock or other dividends.

D. Whether the report of sales on Form 2-A contains untrue statements of material facts and omits to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in that it fails to reflect:

1. The amount of the proceeds expended by Robert Stefanich for the purchase of a house;

2. The amount of the proceeds deposited to the personal account of Robert Stefanich;

3. The additional \$7,500 paid to the underwriter in excess of the sum reported in the Form 2-A report of sales as being paid for underwriting commissions and expenses.

III. It is further ordered, That Sidney Gross or any officer or officers of the Commission designated by it for that purpose shall preside at the hearing; that any officer or officers so designated to preside at any such hearing are hereby authorized to exercise all the powers granted to the Commission under sections 19(b), 21, and 22(c) of the Securities Act of 1933, as amended, and to hearing officers under the Commission's rules of practice.

It is further ordered, That the Secretary of the Commission shall serve a copy of this order by Registered Mail to Isthmus Steamship & Salvage Co., Inc. and to Robert Edelstein Co.; that notice of the entering of this order shall be given to all persons by a General Release of the Commission and by publication in the FEDERAL REGISTER. Any person who desires to be heard or otherwise wishes to participate in the hearing shall file with the Secretary of the Commission on or before June 17, 1961 a request relative thereto, as provided in Rule 9(c) of the Commission's rules of practice.

By the Commission.

[SEAL] ORVAL L. DuBois,
Secretary.

[F.R. Doc. 61-4468; Filed, May 15, 1961;
8:47 a.m.]

SMALL BUSINESS ADMINISTRATION

Office of the Administrator

[Delegation of Authority 1]

ASSISTANT ADMINISTRATOR (MANAGEMENT)

Delegation Relating to Management and Size Standards

I. Pursuant to the authority vested in the Administrator by the Small Business Act (Public Law 85-536) as amended (Public Law 85-699); the Small Business Investment Act of 1958 (Public Law 85-699); as amended (Public Law 86-502); Reorganization Plan No. 2 of 1954, dated April 29, 1954 (83d Cong., 2d sess.); Reorganization Plan No. 1 of 1957, dated April 29, 1957 (85th Cong., 1st sess.); there is hereby redelegated to the Assistant Administrator (Management) the authority:

A. *Management.* 1. To give final approval to all personnel actions for the Small Business Administration and to administer oaths of office.

2. To establish and classify all positions subject to the Classification Act of 1949, as amended, in grades GS-1 to GS-15, and to establish salary rates for employees excluded from the Act.

3. To give final approval on non-policy changes in all SBA Manuals.

4. To contract for supplies, materials and equipment, printing, transportation,

communications, space and special services.

5. To effect the disposition of official records of SBA.

6. To authorize or approve (a) his personal travel, (b) the travel of employees under the supervision of the Assistant Administrator (Management).

7. To approve advanced sick leave and leave without pay, in excess of 30 days, for employees of SBA.

8. To approve annual and sick leave, leave without pay, and overtime work for employees under his supervision.

9. To give final approval to all SBA forms.

10. To give security clearance to applicants and employees of SBA where the security investigation discloses (a) no derogatory information, (b) derogatory information which would not warrant processing the case under provisions of section 1000.067 of SBA-100, Administrative Manual, and (c) derogatory information, but the Assistant Administrator (Management) and the Security Officer are in agreement that the derogatory information is insufficient to warrant suspension or termination in the case of an employee, or denial of clearance in the case of an applicant.

11. To enter into contracts for supplies and services pursuant to Delegation of Authority No. 363, dated March 10, 1959 (24 F.R. 1921, 1959), from the Administrator of the General Services Administration to the Small Business Administration.

12. To authorize (a) all expenditures for registration fees for all Washington employees except the Deputy Administrators, Assistant Administrators, and Special Assistants to the Administrator and (b) registration fees in excess of \$25.00 for each registration for all field office employees.

13. To approve out-service training for SBA employees and authorize expenditures incidental to such training.

14. To approve (a) all in-service training for Washington employees, and (b) in-service training in excess of \$50.00 for field office employees.

B. *Size standards.* 1. To take any and all actions necessary to develop and establish appropriate small business size standards and criteria.

2. To determine which concerns are small businesses within the meaning of the Small Business Size Standards Regulations.

3. To issue, deny, revoke and amend Small Business Certificates in accordance with the Agency's Small Business Size Standards Regulations.

II. All authority delegated herein may be redelegated.

III. All authority delegated herein may be exercised by any SBA employee designated as Acting Assistant Administrator (Management).

IV. All authority previously delegated by the Administrator to the Deputy Administrator for Administration is hereby rescinded without prejudice to actions

taken under all such delegations of authority prior to the date thereof.

Effective date: April 10, 1961.

JOHN E. HORNE,
Administrator.

[F.R. Doc. 61-4470; Filed, May 15, 1961;
8:48 a.m.]

[Declaration of Disaster Area 321]

CONNECTICUT

Declaration of Disaster Area

Whereas, it has been reported that during the month April 1961, because of the effects of certain disasters, damage resulted to residences and business property located in Middlesex County in the State of Connecticut;

Whereas, the Small Business Administration has investigated and has received other reports of investigations of conditions in the area affected;

Whereas, after reading and evaluating reports of such conditions, I find that the conditions in such area constitute a catastrophe within the purview of the Small Business Act.

Now, therefore, as Administrator of the Small Business Administration, I hereby determine that:

1. Applications for disaster loans under the provisions of section 7(b) of the Small Business Act may be received and considered by the Offices below indicated from persons or firms whose property, situated in the aforesaid County and areas adjacent thereto, suffered damage or destruction resulting from flood and accompanying conditions occurring on or about April 27, 1961.

Offices—

Small Business Administration Regional Office,
42 Broadway,
New York 4, N.Y.
Small Business Administration Branch Office,
44 Gillett Street,
Hartford, Conn.

2. Applications for disaster loans under the authority of this Declaration will not be accepted subsequent to November 30, 1961.

Dated: May 1, 1961.

JOHN E. HORNE,
Administrator.

[F.R. Doc. 61-4573; Filed, May 15, 1961;
11:30 a.m.]

[Declaration of Disaster Area 323]

ARKANSAS

Declaration of Disaster Area

Whereas, it has been reported that during the month of May 1961, because of the effects of certain disasters, damage resulted to residences and business property located in Boone County in the State of Arkansas;

Whereas, the Small Business Administration has investigated and has re-

ceived other reports of investigations of conditions in the area affected;

Whereas, after reading and evaluating reports of such conditions, I find that the conditions in such area constitute a catastrophe within the purview of the Small Business Act.

Now, therefore, as Administrator of the Small Business Administration, I hereby determine that:

1. Applications for disaster loans under the provisions of section 7(b) of the Small Business Act may be received and considered by the Offices below indicated from persons or firms whose property, situated in the aforesaid County and areas adjacent thereto, suffered damage or destruction resulting from flood and accompanying conditions occurring on or about May 6, 1961.

Offices—

Small Business Administration Regional Office,
Fidelity Building,
1000 Main Street,
Dallas 2, Tex.
Small Business Administration Branch Office,
Rector Building, Room 620,
405 West Third Street,
Little Rock, Ark.

2. Applications for disaster loans under the authority of this Declaration will not be accepted subsequent to November 30, 1961.

Dated: May 8, 1961.

JOHN E. HORNE,
Administrator.

[F.R. Doc. 61-4574; Filed, May 15, 1961;
11:30 a.m.]

[Declaration of Disaster Area 324]

ARKANSAS AND OKLAHOMA

Declaration of Disaster Area

Whereas, it has been reported that during the month of May 1961, because of the effects of certain disasters, damage resulted to residences and business property located in Baxter and Marion Counties in the State of Arkansas and LeFlore County in the State of Oklahoma;

Whereas, the Small Business Administration has investigated and has received other reports of investigations of conditions in the areas affected;

Whereas, after reading and evaluating reports of such conditions, I find that the conditions in such areas constitute a catastrophe within the purview of the Small Business Act.

Now, therefore, as Administrator of the Small Business Administration, I hereby determine that:

1. Applications for disaster loans under the provisions of section 7(b) of the Small Business Act may be received and considered by the Offices below indicated from persons or firms whose property, situated in the aforesaid Counties and areas adjacent thereto, suffered damage or destruction resulting from tornado and accompanying conditions occurring on or about May 5 and 6, 1961.

Offices—
Small Business Administration Regional Office,
Fidelity Building,
1000 Main Street,
Dallas 2, Tex.
Small Business Administration Branch Office,
Rector Building, Room 620,
405 West Third Street,
Little Rock, Ark.
Small Business Administration Branch Office,
Bankers Service Life Building, Room 312,
114 North Broadway,
Oklahoma City 2, Okla.

2. Applications for disaster loans under the authority of this Declaration will not be accepted subsequent to November 30, 1961.

Dated: May 8, 1961.

JOHN E. HORNE,
Administrator.

[F.R. Doc. 61-4575; Filed, May 15, 1961;
11:30 a.m.]

[Declaration of Disaster Area 325]

ARKANSAS AND TEXAS

Declaration of Disaster Area

Whereas, it has been reported that during the month of May 1961, because of the effects of certain disasters, damage resulted to residences and business property located in Garland County in the State of Arkansas, and Collin County in the State of Texas;

Whereas, the Small Business Administration has investigated and has received other reports of investigations of conditions in the areas affected;

Whereas, after reading and evaluating reports of such conditions, I find that the conditions in such areas constitute a catastrophe within the purview of the Small Business Act.

Now, therefore, as Deputy Administrator of the Small Business Administration, I hereby determine that:

1. Applications for disaster loans under the provisions of section 7(b) of the Small Business Act may be received and considered by the Offices below indicated from persons or firms whose property, situated in the aforesaid Counties and areas adjacent thereto, suffered damage or destruction resulting from tornado and accompanying conditions occurring on or about May 7 and 8, 1961.

Offices—
Small Business Administration Regional Office,
Fidelity Building,
1000 Main Street,
Dallas 2, Tex.
Small Business Administration Branch Office,
Rector Building, Room 620,
405 West Third Street,
Little Rock, Ark.

2. Applications for disaster loans under the authority of this Declaration will not be accepted subsequent to November 30, 1961.

Dated: May 8, 1961.

C. R. LANMAN,
Deputy Administrator.

[F.R. Doc. 61-4576; Filed, May 15, 1961;
11:30 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice 493]

MOTOR CARRIER TRANSFER PROCEEDINGS

MAY 11, 1961.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 179), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC 63697. By order of May 9, 1961, the Transfer Board approved the transfer to Paul's Delivery & Trucking Corp., New York, N.Y., of a portion of the operating rights in Certificate No. 1976, issued July 22, 1957, to John Newton Trucking Co., a corporation, Kearny, N.J., authorizing the transportation of: general commodities, with the usual exceptions including household goods and

commodities in bulk, between New York, N.Y., and Philadelphia, Pa. Bert Collins, 140 Cedar Street, New York 6, N.Y., representative for applicants.

No. MC-FC 64031. By order of May 8, 1961, the Transfer Board approved the transfer to Commercial Furniture Distributors, Inc., Hoboken, N.J., of Certificate Nos. MC 116935 and MC 116935 Sub 1, issued March 21, 1958 and December 8, 1958, respectively, to Harry Kodish and George Noury, doing business as Commercial Furniture Distributors, Hoboken, N.J., authorizing the transportation of: Office furniture, from Hoboken, N.J., to points in New York, Connecticut and New Jersey as specified, restricted to traffic having an immediately prior movement by rail or motor carrier in interstate commerce; office furniture, crated or uncrated, from Hasbrouck Heights, N.J., to New York, N.Y., and points in Westchester, Nassau, and Suffolk Counties, N.Y.; and returned shipments of office furniture from the above-specified destination points, to Hasbrouck Heights, N.J. Bert Collins, 140 Cedar Street, New York 6, N.Y., representative for applicants.

No. MC-FC 64186. By order of May 8, 1961, the Transfer Board approved the transfer to Barnes Truck Line, a corporation, Columbia, Miss., of Certificate No. MC 1585, issued April 13, 1956, to R. L. Barnes, doing business as Barnes Truck Line, Columbia, Miss., authorizing the transportation of general commodities, excluding household goods and commodities in bulk, over regular routes, between Jackson, Miss., and Tylertown, Miss., serving the intermediate points of Prentiss, Columbia, Kokomo, and Foxworth, Miss., and the off-route points of Bassfield, Miss.; between Columbia, Miss., and New Orleans, La., serving the intermediate points of Foxworth and Sandy Hook, Miss.; and between Tylertown, Miss., and Columbia, Miss., serving all intermediate points except Sandy Hook and Foxworth, Miss., and restricted against the transportation of traffic moving to or from New Orleans, La. Henry Mounser, Columbia, Miss., and Phineas Stevens, P.O. Box 141, Jackson, Miss., attorneys for applicants.

[SEAL]

HAROLD D. McCoy,
Secretary.

[F.R. Doc. 61-4463; Filed, May 15, 1961;
8:47 a.m.]

CUMULATIVE CODIFICATION GUIDE—MAY

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published to date during May.

3 CFR	Page	3 CFR—Continued	Page	5 CFR	Page
PROCLAMATIONS:		EXECUTIVE ORDERS—Continued		6-----	3807,
3360-----	4067	6673-----	4015	3916, 3917, 4062, 4088, 4140, 4191	
3410-----	3851	10472-----	3915	27-----	4089
3411-----	3851	10656-----	3951		
3412-----	4135	10937-----	3915	6 CFR	
3413-----	4135	10938-----	3951	341-----	3807
EXECUTIVE ORDERS:		10939-----	3951	371-----	3807
6269-----	3928	10940-----	4136	421-----	3873, 3879, 3979, 4137

6 CFR—Continued

434	3881
485	3952
540	4137

7 CFR

51	3807
55	3952
301	3980
728	4141
878	3808
922	3955, 4144
933	3955, 3956
936	4144, 4145
953	3957, 4145
962	4146
997	4191
1001	4146
1025	3957
1033	3916

PROPOSED RULES:

201	4169
906	4110
927	4198
937	4172
962	3778
963	3815
964	4198
967	4112
968	4110, 4211
991	4113
1018	4121
1019	3815
1021	4069

8 CFR**PROPOSED RULES:**

231	4198
299	4198

9 CFR

74	4062
155	3984

PROPOSED RULES:

74	4110
101	3813
102	3813
103	3813
112	3813
114	3813
123	3813
151	3999

10 CFR**PROPOSED RULES:**

50	4000
----	------

13 CFR

122	4192
-----	------

14 CFR

40	4011
41	4011
42	4011
43	3985, 4011
45	4011
46	4011
60	3917
203	4193
223	4089
241	4221
249	4090
507	3957, 3958, 3985, 4051, 4147
514	4051
600	3771, 3852, 4052, 4095, 4194
601	3771, 3852, 3958, 4052, 4095, 4147, 4194
602	3917, 4095
603	3917
608	3958, 4053, 4096

14 CFR—Continued

609	3852, 3859, 3866, 4054
610	4194
PROPOSED RULES:	
40	4018
41	4018
42	4018
60	4001
221	3897
296	3897, 4211
297	3897
507	4069
514	3779
600	3780, 3929, 4019
601	3780, 3818, 3929, 4019
602	3930
608	4212

16 CFR

13	3917-3922, 3960, 3961, 3986, 3987, 4011, 4012, 4063, 4064, 4087, 4088
301	3771

17 CFR

240	3810
-----	------

PROPOSED RULES:

210	3819
-----	------

18 CFR**PROPOSED RULES:**

116	4165
125	4156
154	4002
157	4002
225	4156

19 CFR

5	3987
---	------

21 CFR

15	3771
25	4012
51	4064
120	4013
121	3991, 4014, 4197
141a	3991, 4096
146a	3991
146b	3772

PROPOSED RULES:

120	3929, 4018
121	3779, 3818, 3929, 4000, 4018, 4176, 4211

22 CFR

205	3773
-----	------

24 CFR

200	3961
222	4014
262	4014

25 CFR

253	4065
-----	------

26 CFR

231	4049
-----	------

PROPOSED RULES:

1	4100, 4102
---	------------

29 CFR

101	3885
102	3885

PROPOSED RULES:

602	3778
603	3778
657	3778

32 CFR

120	4065
538	3962
590	4148
592	4148

32 CFR—Continued

595	4148
605	4148

33 CFR

19	4089
202	3892
203	3962, 4089

36 CFR

311	4089
-----	------

PROPOSED RULES:

7	3778, 4198
---	------------

39 CFR

25	3988
27	3988
33	3988
94	3988
168	3773, 3988

41 CFR

18-7	3810
50-202	4066

PROPOSED RULES:

50-202	4173
--------	------

42 CFR

53	3994
----	------

PROPOSED RULES:

71	3779
----	------

43 CFR**PUBLIC LAND ORDERS:**

2302	4155
2326	3810
2354	3810
2355	3928
2356	4015
2357	4015
2358	4015
2359	4016
2360	4016
2361	4067
2362	4067
2363	4155

46 CFR

146	3922
154	4096
157	3925
175	3927
177	3927
178	3927
182	3927
308	3928

PROPOSED RULES:

30	3775
31	3775
35	3775
71	3775
78	3775
91	3775
97	3775
146	3775

47 CFR

1	3774, 3996
3	3893, 3998, 4016
10	4097

PROPOSED RULES:

3	3781, 4020, 4021, 4069
9	3897
10	4176

49 CFR

170	4067
-----	------

PROPOSED RULES:

77	4121
----	------

50 CFR

33	3774, 3812, 3895, 4068
----	------------------------

FEDERAL REGISTER

THE NATIONAL ARCHIVES
LITTERA SCRIPTA MANET
OF THE UNITED STATES
1934

VOLUME 26 NUMBER 93

Washington, Tuesday, May 16, 1961

Uniform System of Accounts and
Reports for Certificated Route
Air Carriers

Title 14—AERONAUTICS AND SPACE

Chapter II—Civil Aeronautics Board

[Regulation No. ER-327]

PART 241—UNIFORM SYSTEM OF ACCOUNTS AND REPORTS FOR CERTIFICATED ROUTE AIR CARRIERS

Reissuance

Part 241 of the Economic Regulations, Uniform System of Accounts and Reports for Certificated Air Carriers, was reissued in revised form on April 30, 1956, effective January 1, 1957. Since then, 21 amendments to Part 241 have been adopted of which 20 are still in effect. Some of these amendments were quite comprehensive. It therefore appears to the Board that Part 241 should be reissued at this time with all amendments incorporated in the text. A more detailed "Table of Contents" and a definition of the term "certificated route air carrier" have been made.

Incorporation of the outstanding amendments into the text of the regulation does not effectuate any substantive change therein. The Board therefore finds that Part 241 may be reissued as set forth below without notice or procedure thereon, and may be made effective less than 30 days after publication.

In consideration of the foregoing, the Civil Aeronautics Board hereby reissues Part 241 of the Economic Regulations (14 CFR Part 241) effective June 1, 1961, as set forth below.

(Sec. 204(a), 72 Stat. 743, 49 U.S.C. 1324. Interpret or apply sec. 407, 72 Stat. 766, 49 U.S.C. 1377)

By the Civil Aeronautics Board.

[SEAL]

JAMES L. DEEGAN,
Acting Secretary.

Sec.	Table of Contents	Sec.	Table of Contents
01	Authority Under Which Accounting and Reporting Rules and Regulations are Prescribed and Administered.	2-15	Contingent Assets and Contingent Liabilities.
02	Administration of Accounting and Reporting Regulations.	2-16	Notes to Financial Statements.
03	Definitions for Purposes of This System of Accounts and Reports.		BALANCE SHEET CLASSIFICATIONS
04	Air Carrier Groupings and Standard Name Abbreviations.	3	Chart of Balance Sheet Accounts.
05	Standard Air Carrier Operations Abbreviations.	4	General.
	GENERAL ACCOUNTING PROVISIONS	5	Balance Sheet Account Groupings.
1	Introduction to System of Accounts and Reports.	5-1	Current Assets.
1-1	Applicability of System of Accounts and Reports.	5-2	Investments and Special Funds.
1-2	Waiver From This System of Accounts and Reports.	5-3	Property and Equipment.
1-3	General Description of System of Accounts and Reports.	5-4	Property and Equipment Depreciation and Overhaul.
1-4	System of Accounts Coding.	5-5	Deferred Charges.
1-5	Records.	5-6	Current Liabilities.
1-6	Accounting Entities.	5-7	Noncurrent Liabilities.
1-7	Interpretation of Accounts.	5-8	Deferred Credits.
1-8	Address for Reports and Correspondence.	5-9	Stockholder Equity.
1-9	Conversion to This System of Accounts and Reports.	6	Objective Classification of Balance Sheet Elements.
2	General Accounting Policies.		PROFIT AND LOSS CLASSIFICATIONS
2-1	Bases of Allocation Between Entities.	7	Chart of Profit and Loss Accounts.
2-2	Distribution of Revenues and Expenses Within Entities.	8	General.
2-3	Transactions in Foreign Currencies.	9	Functional Classification; Operating Revenues.
2-4	Accounting Period.	10	Functional Classification; Operating Expenses of Group I Air Carriers.
2-5	Liability Accruals.	11	Functional Classification; Operating Expenses of Group II and Group III Air Carriers.
2-6	Federal Income Tax Accruals.	12	Objective Classification; Operating Revenues.
2-7	Delayed Items.	13	Objective Classification; Operating Expenses.
2-8	Unaudited Items.	14	Objective Classification; Nonoperating Income and Expense.
2-9	Improvements, Additions and Betterments.	15	Objective Classification; Income Taxes for Current Period.
2-10	Capitalization of Interest on Construction.	16	Objective Classification; Special Items.
2-11	Accounting for Transactions in Gross Amounts.		GENERAL REPORTING PROVISIONS
2-12	Acquisition and Valuation of Assets.	21	Introduction to System of Reports.
2-13	Establishment of Reserves.	22	General Reporting Instructions.
2-14	Depreciation and Amortization.	23	Certification and Balance Sheet Elements.
		24	Profit and Loss Elements.
		25	Traffic and Capacity Elements.
		26	General Corporate Elements.
		27	National Defense Elements.

of the complaint, including a report as to any corrective or disciplinary actions taken. INVESTIGATIONS ON INITIATIVE OF ADMINISTRATOR OR BOARD

SEC. 1002. (b) The Administrator or Board, with respect to matters within their respective jurisdictions, is empowered at any time to institute an investigation, on their own initiative, in any case and as to any matter or thing within their respective jurisdictions, concerning which complaint is authorized to be made to or before the Administrator or Board by any provision of this Act, or concerning which any question may arise under any of the provisions of this Act, or relating to the enforcement of any of the provisions of this Act. The Administrator or the Board shall have the same power to proceed with any investigation instituted on their own motion as though it had been appealed to by complaint.

ENTRY OF ORDERS FOR COMPLIANCE WITH ACT

SEC. 1002. (c) If the Administrator or the Board finds, after notice and hearing, in any investigation instituted upon complaint or upon their own initiative, with respect to matters within their jurisdiction, that any person has failed to comply with any provision of this Act or any requirement established pursuant thereto, the Administrator or the Board shall issue an appropriate order to compel such person to comply therewith.

shall be guilty of a misdemeanor and, upon conviction thereof, shall be subject to a fine of not less than \$100 nor more than \$5,000, or imprisonment for not more than one year, or both.

FILING OF COMPLAINTS AUTHORIZED

SEC. 1002. (a) Any person may file with the Administrator or the Board, as to matters within their respective jurisdictions, a complaint in writing with respect to anything done or omitted to be done by any person in contravention of any provisions of this Act, or of any requirement established pursuant thereto. If the person complained against shall not satisfy the complaint and there shall appear to be any reasonable ground for investigating the complaint, it shall be the duty of the Administrator or the Board to investigate the matters complained of. Whenever the Administrator or the Board is of the opinion that any complaint does not state facts which warrant an investigation or action, such complaint may be dismissed without hearing. In the case of complaints against a member of the Armed Forces of the United States acting in the performance of his official duties, the Administrator or the Board, as the case may be, shall refer the complaint to the Secretary of the department concerned for action. The Secretary shall, within ninety days after receiving such a complaint, inform the Administrator or the Board of his disposition

other than those prescribed or approved by the Board: *Provided*, That any air carrier may keep additional accounts, records, or memoranda if they do not impair the integrity of the accounts, records, or memoranda prescribed or approved by the Board and do not constitute an undue financial burden on such air carrier.

INSPECTION OF ACCOUNTS AND PROPERTY

SEC. 407. (e) The Board shall at all times have access to all lands, buildings, and equipment of any carrier and to all accounts, records, and memoranda, including all documents, papers, and correspondence, now or hereafter existing, and kept or required to be kept by air carriers; and it may employ special agents or auditors, who shall have authority under the orders of the Board to inspect and examine any and all such lands, buildings, equipment, accounts, records, and memoranda. The provisions of this section shall apply, to the extent found by the Board to be reasonably necessary for the administration of this Act, to persons having control over any air carrier, or affiliated with any air carrier within the meaning of section 5(8) of the Interstate Commerce Act, as amended.

CLASSIFICATION

SEC. 416. (a) The Board may from time to time establish such just and reasonable classifications or groups of air carriers for the purposes of this title as the nature of the services performed by such air carriers shall require; and such just and reasonable rules and regulations, pursuant to and consistent with the provisions of this title, to be observed by each such class or group, as the Board finds necessary in the public interest.

FAILURE TO FILE REPORTS; FALSIFICATION OF RECORDS

SEC. 902. (e) Any air carrier or any officer, agent, employee, or representative thereof, who shall, knowingly and willfully, fail or refuse to make a report to the Board or Administrator as required by this Act, or to keep or preserve accounts, records, and memoranda in the form and manner prescribed or approved by the Board or Administrator, or shall, knowingly and willfully, falsify, mutilate, or alter any such report, account, record, or memorandum, or shall knowingly and willfully file any false report, account, record, or memorandum, shall be deemed guilty of a misdemeanor and, upon conviction thereof, be subject for each offense to a fine of not less than \$100 and not more than \$5,000.

REFUSAL TO TESTIFY

SEC. 902. (g) Any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce books, papers, or documents, if in his power to do so, in obedience to the subpoena or lawful requirement of the Board or Administrator,

Section 01—Authority Under Which Accounting and Reporting Rules and Regulations are Prescribed and Administered

This Uniform System of Accounts and Reports for Certificated Route Air Carriers is issued, prescribed and administered under the following provisions of the Federal Aviation Act of 1958, as amended (72 Stat. 731, 49 U.S.C. 1301):

GENERAL POWERS

SEC. 204. (a) The Board is empowered to perform such acts, to conduct such investigations, to issue and amend such orders, and to make and amend such general or special rules, regulations, and procedure, pursuant to and consistent with the provisions of this Act, as it shall deem necessary to carry out the provisions of, and to exercise and perform its powers and duties under, this Act.

FILING OF REPORTS

SEC. 407. (a) The Board is empowered to require annual, monthly, periodical, and special reports from any air carrier; to prescribe the manner and form in which such reports shall be made; and to require from any air carrier specific answers to all questions upon which the Board may deem information to be necessary. Such reports shall be under oath whenever the Board so requires. The Board may also require any air carrier to file with it a true copy of each or any contract, agreement, understanding, or arrangement, between such air carrier and any other carrier or person, in relation to any traffic affected by the provisions of this Act.

DISCLOSURE OF STOCK OWNERSHIP

SEC. 407. (b) Each air carrier shall submit annually, and at such other times as the Board shall require, a list showing the names of each of its stockholders or members holding more than 5 per centum of the entire capital stock or capital, as the case may be, of such air carrier, together with the name of any person for whose account, if other than the holder, such stock is held; and a report setting forth a description of the shares of stock, or other interest, held by such air carrier, or for its account, in persons other than itself.

FORM OF ACCOUNTS

SEC. 407. (d) The Board shall prescribe the forms of any and all accounts, records, and memoranda to be kept by air carriers, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of money, and the length of time such accounts, records, and memoranda shall be preserved; and it shall be unlawful for air carriers to keep any accounts, records, or memoranda

Section 02—Administration of Accounting and Reporting Regulations

Delegated authority. Under delegated authority from the Board as set forth by section 6 of Public Notice PN 14 (effective January 8, 1960) the Chief, Office of Carrier Accounts and Statistics, is authorized to take any or all of the following actions in administering the accounting, reporting and record-retention requirements of Parts 234, 241, 242, 244, 248, and 249 of the Economic Regulations:

- (a) Waive any of the accounting, reporting and record-retention requirements as warranted, to meet temporary or local conditions.
- (b) Interpret the Board's accounting, reporting, and record-retention requirements.
- (c) Require submission by carriers of special statements necessary to an explanation of any carrier accounting or reporting practices.
- (d) Establish detailed standard accounting, reporting and record-retention

practices required to achieve conformance with regulations promulgated by the Board.

- (e) Grant or deny individual requests for extension of time for filing reports.
 - (f) Dismiss, by letter, petitions for Board action when such dismissal is requested, or consented to, by petitioner.
 - (g) Grant or deny by letter, with the concurrence of the General Counsel and the Director, Bureau of Air Operations, requests for confidential treatment of preliminary year-end financial reports.
 - (h) Extend, with the concurrence of the Director, Bureau of Enforcement, the time period for the preservation of records relating to errors, oversales, irregularities and delays in handling passengers (§ 249.11(f), Category No. 303(a) of the Schedule of Records to Part 249 of the Economic Regulations).
- (i) Grant or deny by letter, individual requests by air carriers for permission to use their own continuous-feed machine reporting forms, where Board approval for the use of such forms is required by the Economic Regulations.

Section 03—Definitions for Purposes of This System of Accounts and Reports

Account, clearing—an account used as a medium for the temporary accumulation of costs that are redistributed to appropriate applicable accounts.

Acquisition, date of—the date on which the title to owned property or equipment (or the right to use or control the reassignment of leased property or equipment) passes to the air carrier.

Addition, property—additional equipment, land, structures, and other tangible property; extensions of fuel, water, and oil distribution equipment; additions to buildings and other structures; and additional safety devices applied to equipment not previously thus equipped. (See also *Modification*.)

Air carrier—any citizen of the United States who undertakes, whether directly or indirectly or by a lease or any other arrangement, to engage in air transportation.

Air carrier, surviving—an entity (air carrier) which, as the result of a business combination, has acquired the net assets, and carries on the operations of one or more predecessor air carriers, and which may be newly organized at the time of the combination or may be one of the predecessor air carriers.

Aircraft—any contrivance now known or hereafter invented, used or designed for navigation of or flight in the air.

Aircraft days assigned to service—carrier's equipment—the number of days that aircraft owned or acquired through rental or lease (but not interchange) are in the possession of the reporting air carrier and are available for service on the reporting carrier's routes plus the number of days that the above aircraft are in service on routes of others under interchange agreements. Days that aircraft are out of service for periodic maintenance or major overhaul are included but days that newly acquired aircraft are on hand prior to availability for productive use and days that aircraft are rented or leased to others (for other than interchange) are excluded.

Aircraft days assigned to service—carrier's routes—same as *Aircraft days assigned to service—carrier's equipment* but excluding the number of days owned or rented equipment are in the possession of others under interchange

of others under interchange agreements and including the number of days aircraft of others are in the possession of the air carrier under interchange agreements.

Aircraft, leased (rented)—aircraft obtained from (or furnished to) others under lease or rental arrangements. Leased and rented aircraft do not include those used under interchange agreements designed to provide one-plane service over the routes of the air carriers involved.

Aircraft type—a distinctive model as designated by the manufacturer.

Airport—a landing area regularly used by aircraft for receiving or discharging passengers or cargo.

Airport, alternate—an approved airport to which a flight may proceed if a landing at the airport to which the flight was dispatched becomes inadvisable.

Airport-to-airport distance—the great-circle distance, measured in statute miles, between airports as listed in the Civil Aeronautics Board's *Official Airline Route and Mileage Manual*. (See Part 247 of the Economic Regulations.)

Air transportation—the carriage by aircraft of persons, property, or mail.

Airworthiness (or Airworthy)—when applied to a particular aircraft or component part, it denotes the ability of such aircraft or component part to perform its function satisfactorily through a range of operations determined by the Federal Aviation Agency.

Allocate—to assign an item or group of items of investment, revenue, or cost to an object, activity, process, or operation, in accordance with cost responsibilities, benefits received, or other measure of apportionment.

Allocation, bases of—bases of distribution whereby revenues, expenses, and/or costs are equitably apportioned among revenue, expense, property and equipment, and other accounts.

Amortization—the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies or over the period during which it is anticipated the benefit will be realized.

Asset, contingent—an asset the existence, value, or ownership of which depends upon the occurrence or nonoccurrence of a specific event or upon the

performance or nonperformance of a specified act.

Associated company—a company in which the accounting air carrier holds 5 percent or more of the outstanding proprietary interest; or a company which holds 5 percent or more of the outstanding proprietary interest of the accounting air carrier; or a company that, directly or through one or more intermediaries, controls or is controlled by, or is under common control with the accounting air carrier. Companies owned or controlled jointly with other air carriers shall be regarded as associated companies for purposes of this system of accounts. (See also *Control*.)

Betterment—a any improvement to property or equipment through the substitution of superior parts for inferior parts retired, the object of which is to make such property more useful or of greater capacity than at the time of acquisition or installation. (See also *Modification*.)

Board—the Civil Aeronautics Board.

Cargo—freight plus express plus excess baggage. Excludes passengers and mail (priority and nonpriority).

Certificated point—a city, place or population center authorized to receive scheduled air service under a *Certificate of Public Convenience and Necessity* or under an exemption issued to an air carrier.

Certificate of Public Convenience and Necessity—a certificate issued to an air carrier under Section 401, of the Act, by the Civil Aeronautics Board authorizing the carrier to engage in air transportation.

Company, predecessor—an air carrier whose net assets and operations have been taken over by one or more other air carriers.

Compensation (of personnel)—remuneration to air carrier employees for personal services. Includes salaries, wages, overtime pay, cost-of-living differentials, bonuses, etc., as distinguished from per diem allowances or reimbursement for expenses incurred by personnel for the benefit of the air carrier.

Control (including the terms *Controlling, Controlled by, and Under common control*)—the possession, directly or indirectly, of the power positively to direct, or cause the direction of or negate the direction of, the management and policies of a company, whether such power

is through one or more intermediary companies or alone or in conjunction with or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract, or any other direct or indirect means.

Cost—the amount of cash (or its equivalent) actually paid for property, materials and supplies and services, including that amount paid to put the property or materials and supplies in readiness for use. It includes such items as transportation charges, installation charges, and customs duties, less any cash or other discounts.

Cost, book—the amount at which an asset is recorded in an account without the deduction of amounts in related reserves or other accounts.

Cost, depreciated—the cost of property and equipment less the related reserves for depreciation.

Cost, removal—the cost of demolishing, dismantling, tearing down, or otherwise removing property and equipment, including the cost of related transportation and handling.

Debt, expense on—expenses incurred by or for the air 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.

Departures completed, percent scheduled—the percent of scheduled departures that were performed.

Departures completed, scheduled—the number of take-offs performed at each airport pursuant to published schedules, exclusive of extra sections to scheduled departures.

Departure performed—a take-off made at an airport.

Departure, scheduled—a take-off scheduled at an airport, as set forth in published schedules.

Depreciation (of depreciable property and equipment)—the loss in service value, not restored by current maintenance, incurred 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 reasonable accuracy. The causes of depreciation include wear and tear, decay, action of the elements, inadequacy, obsolescence, and requirements of public authorities.

Discount (of securities issued or assumed by the air carrier)—the excess of

(1) the par or stated value of securities over (2) the then current money value of the consideration received from their sale less the amount included for dividends or for interest accrued.

Equipment—tangible property other than land, structures, and improvements.

Equivalent unit—a new unit substituted for an existing unit that is worn out, is damaged beyond repair, or has become inadequate in service, the substituted unit having substantially no greater capacity than the unit for which substituted.

Excess baggage—passenger baggage in excess of the fixed free weight.

Expense, capital stock—expenses incurred by or for the air carrier in connection with the initial issuance and sale of capital stock (exclusive of the sale of reacquired 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 prospectuses and stock certificates.

Express—property transported by air under published air express tariffs filed with the Civil Aeronautics Board.

Flight, developmental—a flight for (a) the development of a new route either prior or subsequent to certification by the Civil Aeronautics Board; (b) the extension of an existing route; and (c) the

integration of a new type of aircraft or service.

Flight, extra section—a flight, conducted as an integral part of scheduled service, that has not been provided for in published schedules and is required for transportation of traffic that can not be accommodated on a regularly scheduled flight. Flights made in ferrying aircraft to meet schedules, or for similar operational reasons, are not extra sections, and are classified as nonrevenue flights even if an occasional shipment, as a matter of special accommodation, is on board.

Flight, ferry—a flight for the purpose of returning an aircraft to base, equipment equalization, or moving an aircraft to and from a maintenance base.

Flight, personnel training—a flight for the purpose of obtaining flying time for flight personnel or a flight in connection with a personnel training program.

Flight stage—the operation of an aircraft from take-off to landing. For purposes of classifying flight stages as between "domestic," "territorial," and "international," technical stops are disregarded.

Freight—property transported by air under published air freight tariffs filed with the Civil Aeronautics Board.

Group basis (in depreciation accounting)—a plan under which (1) depreciation is based upon the application of a single depreciation rate to the total book cost of all property included in a given depreciable property and equipment account or class, despite differences in service life of individual items of property and equipment, (2) the full original cost, less any salvage realized, of an item of depreciable property or equipment retired is charged to the reserve for depreciation regardless of the age of the item, and (3) no gain or loss is recognized on the retirement of individual items of property or equipment.

Hop, inter-airport—a flight between two airports.

Horsepower, maximum continuous—the brake horsepower developed in standard atmosphere at a specified altitude under the maximum conditions of crankshaft rotational speed and engine manifold pressure approved for use during periods of unrestricted duration. For purposes of this system of accounts and reports, the maximum continuous horsepower for each aircraft type or

Inventory, perpetual—a book inventory kept in continuous agreement with stock on hand by means of a detailed record.

Item, delayed—an item relating to transactions that occurred during a prior accounting period and that requires further accounting treatment for a true statement of financial condition or operating results. It includes adjustments of errors in the operating revenue, operating expense, and other income accounts for prior periods.

Liability, contingent—a possible source of obligation of an air carrier dependent upon the fulfillment of conditions regarded as uncertain.

Load, available—represents the maximum salable load. It is the allowable gross weight less the empty weight, less all justifiable aircraft equipment, and less the operating load (consisting of minimum fuel load, oil, flight crew, steward's supplies, etc.). For passenger aircraft, the available load must not exceed the weight of the maximum number of passengers who can be accommodated in the seats installed in the aircraft plus the weight of the traffic that can be accommodated in the cargo space.

Load, average revenue—the average total revenue tons carried in revenue services, determined by dividing total revenue ton-miles by aircraft miles flown in revenue services.

Load factor, over-all revenue—the percent that total revenue ton-miles (passenger plus nonpassenger) are of available ton-miles in revenue services.

Load factor, revenue passenger—the percent that revenue passenger-miles are of available seat-miles in revenue passenger services.

Load, minimum fuel—the minimum quantity of fuel with which an aircraft may be dispatched in accordance with the safety operating needs of the air carrier.

Mail, priority—mail bearing postage at rates established specifically for air mail service or mail moving at service transportation rates equivalent to those established for air mail service.

Mail, nonpriority—mail moving at service transportation rates lower than those established for mail bearing postage at rates established specifically for air mail service.

Mail, nonpriority—mail moving at service transportation rates lower than those established for mail bearing postage at rates established specifically for air mail service.

Mail, nonpriority—mail moving at service transportation rates lower than those established for mail bearing postage at rates established specifically for air mail service.

Miles completed, percent scheduled aircraft—the percent of scheduled aircraft miles which were performed.

Miles completed, scheduled aircraft—the aircraft miles performed on scheduled flights computed between only those scheduled points actually served.

Miles flown, aircraft—the miles computed in airport-to-airport distances for each inter-airport hop actually completed, whether or not performed in accordance with the scheduled pattern. For this purpose, operation to a flag stop is a hop completed even though a landing is not actually made. In cases where the inter-airport distances are inapplicable, aircraft miles flown are determined by multiplying the normal cruising speed for the aircraft type by the airborne hours.

Miles flown, nonrevenue aircraft—the aircraft miles flown on nonrevenue flights, such as ferry, personnel training, extension and development, and abortive revenue flights.

Miles, revenue aircraft—the aircraft miles flown in revenue service.

Miles, scheduled aircraft—the sum of the airport-to-airport distances of all flights scheduled to be performed over the air carrier's certificated routes pursuant to published flight schedules. Flights listed in the published schedules for operation only as extra sections, when traffic warrants, are excluded.

Miles, scheduled aircraft—the sum of the airport-to-airport distances of all flights scheduled to be performed over the air carrier's certificated routes pursuant to published flight schedules. Flights listed in the published schedules for operation only as extra sections, when traffic warrants, are excluded.

Miles, scheduled aircraft—the sum of the airport-to-airport distances of all flights scheduled to be performed over the air carrier's certificated routes pursuant to published flight schedules. Flights listed in the published schedules for operation only as extra sections, when traffic warrants, are excluded.

Modification—an alteration in a structure or unit of equipment that changes its design and is made to correct an error, increase production, improve efficiency of operation, or for some other reason.

Obsolescence—the process of becoming out of date due to progress of the arts and sciences, changed economic conditions, legislation, etc., which ultimately results in the retirement or other disposition of property.

Off-Line—installations maintained or facilities used for other than scheduled certificated air services.

On-Line—installations maintained or facilities used in conducting scheduled certificated air services.

Operations, domestic—flight stages with both terminals within territory under United States jurisdiction where the terminals are not separated by relatively substantial distances of foreign territory or international waters.

Operations, international—flight stages with one or both terminals outside of territory under United States jurisdiction.

Operations, system—the over-all operations of an air carrier including all of the operating entities of an air carrier having multiple operations.

Operations, territorial—flight stages with both terminals within territory under United States jurisdiction where the terminals are separated by relatively substantial distances of foreign territory or international waters.

Passenger-mile—one passenger transported one mile. Passenger-miles are computed by multiplying the aircraft miles flown on each inter-airport hop by the number of passengers carried on that hop.

Passenger-mile, nonrevenue—one non-revenue passenger transported one mile.

Passenger-mile, revenue—one revenue passenger transported one mile.

Passenger-mile, revenue—one revenue passenger transported one mile.

Passenger originations, number of on-line—the number of passengers boarding aircraft at the points of initial enplanement on the accounting carrier's operation with the return portion of a round trip counted separately as an initial origination. In addition, a passenger traveling on a carrier having two or more operating entities, for which separate reports are required by the Civil Aeronautics Board, is counted separately on each one.

Passenger, nonrevenue—person receiving air transportation from the air carrier for which remuneration is not received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

Passenger, revenue—person receiving air transportation from the air carrier for which remuneration is received by the air carrier. Air carrier employees or others receiving air transportation against whom token service charges are levied are considered nonrevenue passengers.

sengers. Infants for whom a token fare is charged are not counted as passengers.

Premium (as applied to securities issued or assumed by the air carrier)—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 par or stated value.

Property (as applied to traffic)—(See *Cargo*.)

Replacement—substitution of new for existing facilities that are worn out, damaged beyond repair, or have become inadequate in service.

Residual value—the predetermined portion of the cost of a unit of property or equipment excluded from depreciation. It shall represent a fair and reasonable estimate of recoverable value as at the end of the service life over which the property or equipment is depreciated and shall give due consideration to the proceeds anticipated from disposition of the property or equipment and the extent to which costs attaching to property or equipment are otherwise recoverable through charges against income.

Retirement—the permanent withdrawal of assets from services of the corporate entity through sale, abandonment, demolition, or other disposal.

Retirement, date of—the date on which property or equipment is permanently withdrawn from services of the corporate entity.

Route, certificated—the route over which an air carrier is authorized to provide air transportation pursuant to Certificates of Public Convenience and Necessity issued by the Civil Aeronautics Board.

Salvage value—the amount received for property retired, less the expenses incurred in connection with the sale or in the preparation of the property for sale; or, if retained, the amount at which the material recovered is charged to materials and supplies or other appropriate account.

Schedule, published—an official schedule of an air carrier on file with the Civil Aeronautics Board.

Seats available—installed seats in an aircraft (including seats in lounges) exclusive of any seats not offered for sale to the public by the carrier; provided that in no instance shall any seat sold

be excluded from the count of available seats.

Seats, average available—the average number of seats available for passengers, determined by dividing available seat-miles by revenue aircraft miles flown in passenger service.

Seat-miles, available—the aircraft miles flown on each inter-airport hop multiplied by the number of seats available on that hop.

Service, charter—nonscheduled air transport service in which the party receiving transportation obtains exclusive use of an aircraft at published tariff rates and the remuneration paid by the party receiving transportation accrues directly to, and the responsibility for providing transportation is that of, the accounting air carrier.

Service, coach (tourist)—transport service specifically established for the carriage of passengers at special reduced passenger fares that are predicated on both the operation of specifically designated aircraft space and a reduction in the quality of service regularly and ordinarily provided.

Service, combination passenger—transport service for the carriage of both first class and coach (tourist) passengers on the same aircraft.

Service, irregular (excluding charter and special)—nonscheduled inter-airport air transport services which do not constitute an integral part of scheduled services to certificated points, where each passenger or property shipment is individually documented at published tariff rates (other than charter rates) and the remuneration paid by each party receiving transportation accrues directly to, and the responsibility for providing transportation is that of, the accounting air carrier.

Service, first class—transport service established for the carriage of passengers moving at either standard fares or premium fares, or at reduced fares not predicated upon the operation of specifically allocated aircraft space, and for whom standard or premium quality services are provided.

Service life—the period between the date of installation of property or equipment and its date of retirement.

Service, mixed—transport service established for the joint transportation of passengers, cargo, and/or mail.

Service, nonpassenger—transport service established for the carriage of traffic other than passengers.

Service, nonscheduled—includes transport service between points not covered by Certificates of Public Convenience and Necessity issued by the Civil Aeronautics Board to the air carrier; services pursuant to the charter or hiring of aircraft; other revenue services not constituting an integral part of the services performed pursuant to published schedules; and related nonrevenue flights.

Service, scheduled—transport service operated over an air carrier's certificated routes pursuant to published flight schedules, including extra sections and related nonrevenue flights.

Service, special—nonscheduled air transport services in which the party receiving transportation obtains exclusive use of an aircraft at other than tariff rates and/or individually ticketed services not involving inter-airport transportation, whereby the remuneration paid by the party receiving the transportation accrues directly to, and the responsibility for providing the service is that of, the accounting air carrier.

Service, transport—the operation of facilities for the carriage of traffic by air.

Service, tourist—(See *Service, coach*.)

Services, all—the total of scheduled and nonscheduled transport services.

Stop, flag—a point on an air carrier's certificated route that is scheduled to be served only when traffic is to be picked up or discharged.

Stop, fuel—a point on an air carrier's certificated route scheduled to refuel the aircraft but not to enplane or deplane traffic.

Stops, technical—aircraft landings made for purposes other than enplaning or deplaning traffic.

Tariff, published—a publication containing rates applicable to the transportation of persons or cargo and rules relating to or affecting such rates or transportation, filed with the Civil Aeronautics Board.

Ton—a short ton (2,000 pounds).

Ton-mile—one ton transported one mile. Ton-miles are computed by multiplying the aircraft miles flown on each inter-airport hop by the number of tons carried on that hop.

Ton-mile, nonrevenue—one ton of nonrevenue traffic transported one mile.

Ton-mile, passenger—one ton of passenger weight (including free baggage) transported one mile. (See also *Weight, passenger*.)

Ton-mile, revenue—one ton of revenue traffic transported one mile.

Ton-miles, available—the aircraft miles flown on each inter-airport hop multiplied by the available load for that hop.

Traffic, enplaned—a count of the number of passengers boarding and tons of cargo and mail loaded on an aircraft. For this purpose, passengers, cargo, and mail on aircraft entering a carrier's system on interchange flights are considered as enplaning at the interchange point, and passengers, cargo, and mail moving from one operation to another operation of the same carrier, for which separate reports are required by the Civil Aeronautics Board, are considered as enplaning at the junction point.

Traffic, deplaned—a count of the number of passengers getting off and tons of cargo and mail unloaded from an aircraft. For this purpose, passengers, cargo, and mail on aircraft leaving a carrier's system on interchange flights are considered as deplaning at the interchange point, and passengers, cargo, and mail moving from one operation to another operation of the same carrier, for which separate reports are required by the Civil Aeronautics Board, are considered as deplaning at the junction point.

Traffic, nonrevenue—passengers and cargo transported by air for which remuneration is not received by the air carrier. Passengers (including air carrier employees) and cargo carried for token service charges are considered nonrevenue traffic.

Traffic office—a facility where air transportation is sold, and related processes of documentation and reservation confirmation are performed.

Traffic, revenue—passengers, cargo, and mail transported by air for which remuneration is received by the air carrier. Passengers (including air carrier employees) and cargo carried for token service charges are not considered revenue traffic.

Transportation, free—the carriage of any person or cargo (other than cargo owned by the air carrier) without compensation.

Unit basis (in depreciation accounting)—a plan under which depreciation expense is accrued upon the basis of the book cost of the individual item of property in relation to the service life and salvage value of the particular item.

Value, service—the difference between the book cost and the residual value of property and equipment.

Weight, allowable gross—the maximum gross weight (of the aircraft and its contents) which an aircraft is licensed to carry into the air on each inter-airport hop.

Weight, average available—the average capacity available for revenue traffic, determined by dividing available ton-miles by aircraft miles in revenue service.

Weight, empty—the weight of the airframe, engines, propellers, and fixed equipment of an aircraft. Empty weight excludes the weight of the crew and payload, but includes the weight of all fixed ballast, unusable fuel supply, undrainable oil, total quantity of engine coolant, and total quantity of hydraulic fluid.

Weight, passenger—for the purposes of this manual, a standard weight of 190 pounds per passenger (including free baggage) is used for domestic operations, and 215 and 200 pounds for first class and coach passengers, respectively, in territorial and international operations. Other weights may be prescribed in specific instances upon the initiative of the Board or upon factually supported request by an air carrier.

Section 04—Air Carrier Groupings and Standard Name Abbreviations

GROUP I AIR CARRIERS

Name	Abbreviations
AAXICO Airlines, Inc.	AAXICO
Alaska Coastal Airlines	Alaska Coastal
Avalon Air Transport, Inc.	Avalon
Caribbean-Atlantic Airlines, Inc.	Caribair
Chicago Helicopter Airways, Inc.	Chicago Helicopter
Cordova Airlines, Inc.	Cordova
Ellis Air Lines	Ellis
Kodiak Airways, Inc.	Kodiak
Los Angeles Airways, Inc.	LA Airways
Mackey Airlines, Inc.	Mackey
Howard J. Mays	Mays
New York Airways, Inc.	NY Airways
Northern Consolidated Airlines, Inc.	Northern Consol
Reeve Aleutian Airways, Inc.	Reeve
Resort Airlines, Inc.	Resort
Samoan Airlines, Ltd.	Samoan
South Pacific Air Lines	South Pacific
Western Alaska Airlines, Inc.	Western Alaska
Wien Alaska Airlines, Inc.	Wien

GROUP II AIR CARRIERS

Aerovias Sud Americana, Inc.	Aerovias
Allegheny Airlines, Inc.	Allegheny
Aloha Airlines, Inc.	Aloha
Bonanza Air Lines, Inc.	Bonanza
Central Airlines, Inc.	Central
Frontier Airlines, Inc.	Frontier
Hawaiian Airlines, Inc.	Hawaiian
Lake Central Airlines, Inc.	Lake Central
North Central Airlines, Inc.	North Central
Ozark Air Lines, Inc.	Ozark
Pacific Air Lines, Inc.	Pacific
Riddle Airlines, Inc.	Riddle
Southern Airways, Inc.	Southern
Transportation Corporation of America	Transport Corporation
Trans-Texas Airways	Trans-Texas
West Coast Airlines, Inc.	West Coast

GROUP III AIR CARRIERS

Alaska Airlines, Inc.	Alaska
American Airlines, Inc.	American
Braniff Airways, Inc.	Braniff
Capital Airlines, Inc.	Capital
Continental Air Lines, Inc.	Continental
Delta Air Lines, Inc.	Delta
Eastern Air Lines, Inc.	Eastern
The Flying Tiger Line, Inc.	Flying Tiger
Mohawk Airlines, Inc.	Mohawk
National Airlines, Inc.	National
Northeast Airlines, Inc.	Northeast
Northwest Airlines, Inc.	Northwest
Pacific Northern Airlines, Inc.	Pacific Northern
Pan American-Grace Airways, Inc.	Panagra
Pan American World Airways, Inc.	Pan American
Piedmont Aviation, Inc.	Piedmont
Seaboard World Airlines, Inc.	Seaboard
Slick Airways, Inc.	Slick
Trans World Airlines, Inc.	Trans World
United Air Lines, Inc.	United
Western Air Lines, Inc.	Western

Section 05—Standard Air Carrier Operation Abbreviations

Operation abbreviations	
Domestic/Canadian Transborder:	
Trunk	Dom/Can-Trunk
Local service	Dom/Can-Local
Special area	Dom/Can-Special
Cargo	Dom/Can-Cargo
Territorial/Domestic:	
Alaska	Ter/Dom-Alaska
Latin America	Ter/Dom-Latin Amer
Pacific	Ter/Dom-Pacific
International/Territorial:	
Atlantic	Int/Ter-Atlantic
Latin America	Int/Ter-Latin Amer
Pacific	Int/Ter-Pacific

GENERAL ACCOUNTING PROVISIONS
Section 1—Introduction to System of Accounts and Reports

Sec. 1-1 Applicability of system of accounts and reports.

Each air carrier holding a Certificate of Public Convenience and Necessity authorizing unlimited scheduled service over designated routes, issued under section 401 of the Federal Aviation Act of 1958, shall keep its books of account, records and memoranda and make reports to the Board in accordance with this system of accounts and reports. The Civil Aeronautics Board reserves the right, however, under the provisions of sections 407 and 416 of the Federal Aviation Act of 1958 to expand or otherwise modify the classes of carriers subject to this system of accounts and reports.

Sec. 1-2 Waivers from this system of accounts and reports.

A waiver from any provision of this system of accounts or reports may be made by the Civil Aeronautics Board upon its own initiative or upon the submission of written request therefor from any air carrier, or group of air carriers, provided that such a waiver is in the public interest and each request for waiver expressly demonstrates that: existing peculiarities or unusual circumstances warrant a departure from a prescribed procedure or technique; a specifically defined alternative procedure or technique will result in a substantially equivalent or more accurate portrayal of operating results or financial condition, consistent with the principles embodied in the provisions of this system of accounts and reports; and the application of such alternative procedure will maintain or improve uniformity in substantive results as between air carriers.

Sec. 1-3 General description of system of accounts and reports.

(a) This system of accounts and reports is designed to permit limited contraction or expansion to reflect the varying needs and capacities of different air carriers without impairing basic accounting comparability as between air carriers. In its administration three air carrier groups, designated Group I, Group II, and Group III, respectively

(see section 04), are established by the Civil Aeronautics Board. This grouping will be reviewed from time to time upon petition of individual air carriers or by initiative of the Civil Aeronautics Board, with the view of a possible regrouping of the air carriers.

(b) Under the system of accounts prescribed, balance sheet elements are accounted for by all air carrier groups within a fixed uniform pattern of specific accounts. All profit and loss elements are accounted for within specific objective accounts established for each air carrier group resulting from dual classifications, designated for each air carrier group, which are descriptive of both basic areas of financial activity, or functional operation, and objective served. The profit and loss elements of the three air carrier groups can be reduced to broad objectives and general or functional classifications which are comparable for all air carrier groups. Both balance sheet and profit and loss accounts and account groupings are designed, in general, to embrace all activities, both air transport and other than air transport, in which the air carrier engages and provide for the separation of elements identifiable exclusively with other than air transport activities. Profit and loss elements which are recorded during the current accounting year are subclassified as between (1) those which relate to the current accounting year and adjustments of a recurrent nature applicable to prior accounting years, and (2) extraordinary items of material magnitude.

(c) In order to afford air carriers as much flexibility and freedom as possible in establishing ledger and subsidiary accounts to meet their individual needs, a minimum number of account subdivisions have been prescribed in this Uniform System of Accounts. It is intended, however, that each air carrier, in maintaining its accounting records, will provide subaccount and subsidiary account segregations of accounting elements which differ in nature of accounting characteristics, in a manner which will render individual elements readily discernible and traceable throughout the accounting system, and will provide for relating profit and loss elements to applicable balance sheet counterparts.

Sec. 1-4 System of accounts coding.

(a) A four digit control number is assigned for each balance sheet and profit and loss account. Each balance sheet account is numbered sequentially, within blocks, designating basic balance sheet classifications. The first two digits of the four digit code assigned to each profit and loss account denote a detailed area of financial activity or functional operation. The first two digits, thus assigned to each profit and loss account, are numbered sequentially within blocks, designating more general classifications of financial activity and functional operation. The second two digits assigned to profit and loss accounts denote objective classifications.

(b) A fifth digit, appended as a decimal, has been assigned for internal control by the Civil Aeronautics Board of prescribed subdivisions of the primary objective balance sheet and profit and loss classifications. A different fifth digit code number from that assigned by the Civil Aeronautics Board may be adopted for internal record keeping by the air carrier provided the prescribed subclassification of objective accounts is not impaired and the code number assigned by the Civil Aeronautics Board is employed in reporting to the Board on Form 41 Reports.

Sec. 1-5 Records.

(a) The general books of account and all books, records, and memoranda which support in any way the entries therein shall be kept in such manner as to provide at any time full information relating to any account. The entries in each account shall be supported by such detailed information as will render certain the identification of all facts essential to a verification of the nature and character of each entry and its proper classification under the prescribed Uniform System of Accounts. Registers, or other appropriate records, shall be maintained of the history and nature of each note receivable and each note payable.

(b) The books and records referred to herein include not only accounting records in a limited technical sense, but all other records such as organization tables and charts, internal accounting manuals and revisions thereto, minute books, stock books, reports, cost distributions and other accounting work sheets, cor-

respondence, memoranda, etc., which may constitute necessary links in developing the history of, or facts regarding, any accounting or financial transaction.

(c) All books, records and memoranda shall be preserved and filed in such manner as to readily permit the audit and examination thereof by representatives of the Civil Aeronautics Board. All books, records and memoranda shall be housed or stored in such manner as to afford protection from loss, theft, or damage by fire, flood or otherwise and no such books and records shall be destroyed or otherwise disposed of, except in conformance with Part 249 of the Economic Regulations of the Civil Aeronautics Board for the preservation of records.

Sec. 1-6 Accounting entities.

Separate records shall be maintained for each entity required to make separate reports pursuant to section 21(i), and for each entity established for management purposes. Such records shall be maintained with sufficient particularity to permit the association of items traceable directly to each entity and to permit the proration of items which are common to two or more such entities in such fashion that the results produced for each entity would be closely comparable to the results which would be required to fairly reflect the operating results of a distinct legal entity.

Sec. 1-7 Interpretation of accounts.

To the end that uniform accounting may be maintained within the prescribed system, questions involving matters of significance which are not clearly provided for should be submitted to the Civil Aeronautics Board for explanation, interpretation, or resolution.

Sec. 1-8 Address for reports and correspondence.

Reports, statements and correspondence submitted to the Civil Aeronautics Board in accordance with or relating to instructions and requirements contained herein shall be addressed to the Office of Carrier Accounts and Statistics, Civil Aeronautics Board, Washington, D.C., the organizational unit responsible for administering the accounting and reporting functions of the Civil Aeronautics Board.

Sec. 1-9 Conversion to this system of accounts and reports.

(a) The provisions of this system of accounts and reports shall be effective as of January 1, 1957. All balance sheet account balances shall be restated as at the beginning of business January 1, 1957 to conform with the provisions of this system of accounts except as provided in this section 1-9. All necessary adjustments to conform the accounts to the new system by reason of increase or decrease in reserves, or other necessary adjustments, shall be accumulated in an appropriate clearing account and the net transferred to profit and loss classification 9700 Special Items.

(b) Any adjustments of reserves for depreciation, obsolescence of flight equipment expendable parts, uncollectible accounts or other valuations of assets, shall be applied to current and subsequent accounting periods by

spreading the depreciated cost of such assets over the remaining life of the asset to which applicable and shall not be applied retroactively.

(c) Any reserve accumulated for obsolescence of flight equipment spare parts and assemblies shall be divided between the portion applicable to flight equipment expendable parts and flight equipment rotatable parts and recorded in the applicable reserve accounts.

(d) Any provision of this system of accounts respecting reserves for depreciation, or other valuation of assets, shall be made applicable as at the effective date of this regulation to all assets then existing as well as to assets subsequently acquired against which the accrual of reserves would be appropriate.

(e) All statements and plans required to be submitted to the Civil Aeronautics Board by this system of accounts insofar as currently applicable shall be filed by January 1, 1957. (See section 22(d).)

Section 2—General Accounting Policies

Sec. 2-1 Bases of allocation between entities.

(a) In accordance with the provisions of section 1-6, profit and loss items applicable in common to two or more entities shall be allocated between such entities in such fashion that the results produced for each entity would be closely comparable to those which would be required to fairly reflect results of a distinct legal entity.

(b) Each air carrier shall file with the Civil Aeronautics Board a statement detailing practices and techniques used in assigning and prorating profit and loss items between separate entities. The practices and techniques set forth in such statement shall therefore be used by the air carrier unless it is notified by the Civil Aeronautics Board that they do not meet the requirements set forth in paragraph (a) of this section 2-1. (See section 22(d).)

(c) Changes in methods of allocating items between entities shall not be reflected in the air carrier's accounts until 30 days have elapsed following the filing of a statement, of the type described in paragraph (b) of this section 2-1, with the Civil Aeronautics Board unless the carrier has been notified in writing by the Civil Aeronautics Board, prior to the expiration of such period, that the changes either conform with or do not meet the requirements set forth in paragraph (a) of this section 2-1.

Sec. 2-2 Distribution of revenues and expenses within entities.

(a) Revenues and expenses attributable to a single natural objective account or functional classification shall be assigned accordingly.

(b) Revenue and expense items which are common to two or more natural objective accounts shall be recorded in the objective accounts to which they predominantly relate.

(c) Expense items contributing to more than one function shall be charged to the general overhead functions to which applicable except that where only incidental contribution is made to more than a single function an item may be included in the function to which primarily related, provided such function is not distorted by including an aggre-

gation of amounts applicable to other functions. When assignment of expense items on the basis of the primary activity to which related does not in the aggregate result in a fair presentation of the expenses applicable to each function, apportionment shall be made between functions based upon a study of the contribution to each function during a representative period.

Sec. 2-3 Transactions in foreign currencies.

(a) All accounts provided herein shall be stated in terms of United States Currency.

(b) Amounts to be entered in the accounts of this system that originate in terms of foreign currencies, shall be initially recorded in United States Currency at the rates of exchange realizable at the date of the original transaction, except as provided in paragraph (g) of this section 2-3, unless free conversion is not permitted and governmentally controlled rates are prescribed, in which case the latter rates shall be used.

(c) Current assets and liabilities shall be restated in the accounts at the end of each quarterly accounting period at rates of exchange then realizable, except as provided in paragraph (g) of this section 2-3, unless free conversion is not permitted and governmentally controlled rates are prescribed in which case the latter rates shall be used.

(d) Noncurrent assets and liabilities shall be reflected in the accounts at the freely realizable, or governmentally prescribed, rates of exchange prevailing at the date of the original transaction and shall not be revalued to reflect subsequent changes in rates of exchange, except to reflect permanent changes in value resulting from general monetary revaluations.

(e) Unrealized gains or losses developing in the course of normal routine restatements of current assets and liabilities in conformance with day-to-day fluctuations in rates of exchange shall be entered in profit and loss classification 4600 Incidental Revenues—Net. Unrealized gains or losses of a nonroutine or an abnormal character shall be entered in profit and loss classification 8100 Nonoperating Income and Expense—Net. (f) Realized gains or losses resulting from normal routine differences between the rates at which assets and liabilities

are stated in the accounts and the rates of exchange existing at the date of realization, liquidation, or settlement, shall be entered in profit and loss classification 4600 Incidental Revenues—Net. Realized gains or losses of a nonroutine or an abnormal character shall be entered in profit and loss classification 8100 Nonoperating Income and Expense—Net.

(g) Standard rates of exchange which are reasonably representative of currently realizable rates of exchange, or governmentally controlled rates where free conversion is not permitted, may be used for originally recording each transaction and for quarterly restatements of current assets and current liabilities provided such standards are re-determined at least once each accounting year or oftener as may be necessary to reasonably approximate currently realizable or officially prescribed rates of exchange at the close of each calendar quarter.

(h) Provisions shall not be made by charges against income for reserves against anticipated changes in exchange rates during future accounting periods.

Sec. 2-4 Accounting period.

(a) The accounting year of each air carrier subject to this Uniform System of Accounts shall be the calendar year unless otherwise approved by the Civil Aeronautics Board.

(b) Each air carrier shall keep its financial accounts and records on a full accrual basis for each quarter so that all transactions, as nearly as may reasonably be ascertained, shall be fully reflected in the air carrier's books for the quarter in which revenues have been earned and the costs attaching to the revenues so earned in each quarter have been incurred independently of the incidence of sales or purchases and settlement with debtors or creditors.

(c) Expenditures incurred during the current accounting year which demonstrably benefit operations to be performed during subsequent accounting years to a significant extent shall be deferred and amortized to the period in which the related operations are performed when of sufficient magnitude to distort the accounting results of the year in which incurred.

(d) Expenditures charged directly or amortized to operations within one accounting year shall not be reversed in

a subsequent accounting year and re-amortized or charged directly against operations of subsequent years except that retroactive adjustments are permitted where necessary to conform with adjustments required by the Civil Aeronautics Board for rate making purposes provided a statement explaining the detailed adjustments is submitted for review by the Civil Aeronautics Board. (See section 22(d).)

Sec. 2-5 Liability accruals.

Charges shall be made against income and accruals made for only those liabilities for which a definitely demonstrable obligation exists. Where a definite obligation has been incurred, such as for accrued vacation or dismissal compensation and the precise liability has not been determined, an estimate may be made of the currently existing liability on such actuarial or other bases as can be justified from available information, and provided that balances are re-evaluated and adjusted at least once each accounting year to accurately reflect the true detriment (or cost) to the air carrier.

Sec. 2-6 Federal income tax accruals.

(a) All income taxes shall be accrued by proportionate charges or credits to income each calendar quarter in such manner as will allocate the charges for taxes, or the tax credits for losses, to the periods in which the related profits or losses respectively, are reflected. (See section 8(d)(4).)

(b) The general policy in respect to the accrual of income taxes for each accounting period will require that the air carrier take up in its accounts an amount equivalent to the actual tax liability applicable to the period as computed or estimated on the basis of income tax laws and regulations then in effect. As a general rule the accrual of income taxes on differences between income recognized for book purposes and tax purposes is prohibited. However, Federal income taxes may be deferred for material income differences associated with airworthiness reserve or self-insurance reserve provisions, depreciation allowances under provisions of section 167 and 168 of the Internal Revenue Code, and different treatments for book and tax purposes of preoperating, aircraft integration, route extension or other developmental expenses. In the event a carrier elects to follow deferred

tax accounting for one or more of the foregoing income differences, it shall do so for all of such income differences, on a consistent basis both within each accounting year and as between accounting years. In effecting the accruals, records with respect to reserves for deferred taxes on income shall be maintained in accordance with the provisions of balance sheet account 2340 Deferred Federal Income Taxes.

Sec. 2-7 Delayed items.

(a) All items affecting net income, including revenue and expense adjustments, shall be recorded in the appropriate profit and loss accounts shown on the income statement, and shall not be entered directly to retained earnings.

(b) Items applicable to operations occurring prior to the current accounting year shall be included in the same accounts which would have been charged or credited if the items had not been delayed; *Provided*, That any item of extraordinary nature which is so large in amount that inclusion in the accounts for a single year would materially distort the total operating expenses or total operating revenues, as applicable, shall be included in Profit and Loss classification 9700 Special Items. Ordinary adjustments of a recurring nature shall not be considered extraordinary and shall be included in the accounts to which ordinarily applicable. For purposes of this regulation, debits or credits included in classification 9700 Special Items shall be limited to items which (1) have no particular time incidence; (2) represent revenue or expense elements being retroactively introduced into the basis used for income computation; (3) represent revenue or expense elements being retroactively eliminated from the basis used for income computation; or (4) are retroactive adjustments of Federal subsidy due to revisions of subsidy mail rates of prior periods. Examples of extraordinary items to be included in this classification, when of sufficient materiality, are: catastrophic losses which are not a recurrent business hazard, such as from floods; the retroactive establishment or elimination of previously established reserves; and extraordinary write-offs of intangible assets which through unusual circumstances have become worthless, and adjustments resulting

a particular program, will not distort current operating results.

(b) The costs to be capitalized shall include all costs directly incurred by reason of the program together with an allocated portion of overhead costs to the full extent overhead expenses have been responsive to the volume of capitalizable projects currently or periodically in process.

(c) When superior parts are substituted for old parts in existing units of property and equipment as an incident to normal maintenance operations where normal retirement procedures are not practicable, the excess cost of the new parts over the estimated current cost of new parts of the kind replaced shall be charged to the related property and equipment account.

Sec. 2-10 Capitalization of interest.

(a) The cost of operating property and equipment may include, for accounting purposes, a component for capitalized interest properly computed in accordance with the provisions of this section upon funds actually committed as equipment purchase deposits or actually used to finance construction work in progress from the date when such funds are first employed for either of these purposes to the date upon which the unit of equipment or property concerned is ready to be placed in operation: *Provided, however*, That the charging of interest on all funds thus committed or used shall be limited in both time and amount to the air carrier's reasonable requirements therefor.

(b) The cost of operating property and equipment may also include a component for interest upon all funds segregated from working capital and carried in account 1550 Special Funds—Other, in advance of the date when such funds are scheduled under a legally binding contract to be committed as bona fide deposits with an aircraft manufacturer or as sums payable to contractors for construction work: *Provided, however*, That the charging of interest upon such funds shall be limited in amount to the carrier's reasonable requirements therefor, as well as limited to a reasonable period which, in no event, shall exceed six months.

(c) In determining the amount of interest to be capitalized under the provisions of paragraphs (a) and (b) of this

section 2-10, the air carrier shall utilize an interest rate which is representative of the current rate for long-term debt for such air carrier. Any interest or other earnings realized upon equipment purchase funds on deposit with, or for the account of, an aircraft manufacturer or construction contractor shall be offset against the amount of such capitalized interest. The amount of interest capitalized with respect to funds segregated prior to their actual employment as deposits or investments in construction work shall also be reduced by an amount equal to the constructive earnings on such segregated funds, to be calculated as the product of the amount of such segregated funds multiplied by the average rate of earnings on the carrier's investment in interest-bearing securities (if any) but not to exceed the actual amount of such interest earned.

(d) Interest capitalized in accordance with provisions of paragraphs (a), (b) and (c) of this section 2-10, shall be charged to balance sheet account 1689, Construction Work in Progress, and cleared to separate subaccounts of the appropriate property and equipment balance sheet account when each unit of property or equipment is placed in operation and shall be credited to profit and loss subaccount 80.1 Interest Charged to Construction—Credit. The amount capitalized shall be amortized, together with other capital costs, over the useful life of the asset as a part of depreciation expense: *Provided*, That the air carriers shall reverse all entries capitalizing interest in the event that funds segregated in advance are not ultimately used as equipment purchase deposits or on account payments to contractors, or in the event that equipment or property for the acquisition or construction of which funds were deposited or paid on account is not actually acquired, or if the amounts on which interest has been capitalized are allowed by the Board as a part of the rate base during all or a part of the period for which interest has been capitalized.

(e) In the case of a newly certificated carrier, interest on funds actually employed prior to inauguration of services in developmental projects not covered in paragraphs (a) and (b) of this section 2-9, may be capitalized as developmental cost in accordance with the provisions of paragraph (c) of this section

2-10. Such capitalized interest shall be charged to balance sheet account 1830 Developmental and Preoperating Costs, and credited to profit and loss subaccount—80.2 Interest Charged to Development—Credit and amortized as a part of extension and development cost to profit and loss account 74 Amortization.

(f) Any capitalization of interest permitted under this regulation shall be entered in the air carrier's accounts on a current basis and may not be recorded retroactively, except that as to funds which are on deposit during the carrier's accounting year in which this regulation takes effect, interest may be capitalized from the time the funds were first so deposited.

Sec. 2-11 Accounting for transactions in gross amounts.

(a) All assets and liabilities shall be stated in balance sheet presentations in gross values, provided that all depreciation, provisions for uncollectible accounts and other valuation reserves shall be offset against the class of asset to which related. Amounts receivable from, and amounts payable to, associated companies and other air carriers, which are normally settled on a current basis shall be stated in gross amounts receivable and gross amounts payable. Amounts receivable from, and amounts payable to, individual associated companies which are not settled on a current basis, and are not includible in current assets or current liabilities, shall be stated in net amounts receivable or payable. Receivables from particular associated companies shall not be offset against payables to other associated companies.

(b) The cost of Treasury Certificates or other tax notes, which are to be surrendered to the United States Treasury, rather than independently sold, in satisfying Federal income tax liabilities may be offset against accrued Federal income tax liabilities provided both the gross income tax liability and the value of the tax notes are reflected on the face of the balance sheet. The offset of other government securities or other assets against Federal income tax liabilities is prohibited.

Sec. 2-12 Acquisition and valuation of assets.

(a) All assets shall be recorded at cost to the air carrier and shall not be

adjusted to reflect changes in market value except that spare parts and materials of a class for which the accrual of reserves for loss in value may not be feasible, which have been expensed from current inventories and are recovered, may be returned to inventory at estimated value with contra credit to the expense accounts initially charged. The cost (as defined by section 03, "Cost") to be recorded shall represent the cash price of the asset acquired unless otherwise specifically provided in paragraphs (b) and (c) of this section 2-12. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis, in accordance with the following provisions.

(b) Costs of assets charged against income by an air carrier shall not be reinstated through property exchanges, and again charged against income by another air carrier but shall be recorded by each successive user at the unrecovered cost of property given in exchange, adjusted by the amount of any additional cash or other consideration given or received. For purposes of this system of accounts, an exchange is defined as a transaction in which tangible property represents more than 75 percent of the fair market value of the total consideration. Capital gains or losses, as a matter of policy, will not be recognized in property exchanges. (See also section 5-3(e) (8).)

(c) The cost of properties obtained under a conditional sales contract shall be recorded as assets as at the date upon which delivery has been completed even though legal title remains in the vendor unless there is material uncertainty as to the complete consummation of the transaction.

Sec. 2-13 Establishment of reserves.

(a) Provisions for reserves covering transactions or conditions which do not diminish assets or result in demonstrable liability to the air carrier, with corresponding diminution in stockholder equity during the period over which accrued, shall not be charged against income but shall be charged directly against balance sheet account 2940 Unappropriated Retained Earnings.

(b) All reserves shall be classified in balance sheet presentations in terms of their inherent impact upon the air car-

rier's financial condition as either valuation of assets (offsetting the assets to which related), accrued liabilities, or appropriations of retained earnings.

(c) Provisions for self-insurance against damage to property, or other risks, may be charged against income as recurring operating expense, and credited to balance sheet account 2350 Reserve for Self-Insurance, in accordance with a plan which reflects actuarial or other reasonable measurement of risk: *Provided*, The air carrier demonstrates that the accrual rate is reasonable in terms of resulting cost level and will not, in any accounting period, inflate the operating costs above those which would result from equivalent coverage through purchased insurance. Such provisions shall be made in accordance with the instructions for balance sheet account 2350 Reserve for Self-Insurance. No provision shall be made through income charges for a retroactive initiation or adjustment of self-insurance reserves. Such reserves shall be accumulated on a forward basis only. However, the air carrier may effect an interim segregation of retained earnings through balance sheet account 2930 Appropriations of Retained Earnings. The balance of such segregation of retained earnings is to be returned to unappropriated retained earnings upon attainment of the planned level of the self-insurance reserve, accumulated through income charges. Where risks to be borne by the air carrier are reduced or eliminated, due to substitution of purchased insurance, or otherwise, the self-insurance reserve requirements shall be redetermined. Expenses in existing reserves, of material amount, over those required to cover current risks borne by the air carrier shall be accounted for as provided in balance sheet account 2350 Reserve for Self-Insurance. Material effects upon income taxes resulting from differences as between income recognized for tax and book purposes, associated with provisions for self-insurance, shall be accounted for in accordance with the instructions for balance sheet account 2340 Deferred Federal Income Taxes. Each air carrier shall file with the Civil Aeronautics Board a supplement to the CAB Form 41 report for the period in which the air carrier's policy with respect to self-insurance is first established or materially changed. This supplement

shall set forth: (1) The amount of self-borne and purchased coverage, respectively, for each type of risk involving self-insurance; (2) the rates of accrual to the self-insurance reserves; (3) such other detail as may be pertinent to the plan; and (4) information necessary to establish the reasonableness of the plan in conformance with the standards prescribed by this system of accounts and reports. The rates and practices set forth in such statements shall thenceforth be used by the air carrier unless notified by the Civil Aeronautics Board, in accordance with section 22(d), that they do not meet the requirements set forth in this section 2-13.

(d) Additional reserves over those prescribed in this system of accounts may be established for the purpose of equalizing or distributing expense charges between calendar quarters of each accounting year in accordance with operations performed, in the event such expenditures are part of a specific program to which the air carrier is demonstrably committed and are of sufficient magnitude to significantly distort the financial results of the current quarter if expensed directly. Each air carrier shall submit, for approval by the Civil Aeronautics Board, a plan for each such equalization reserve which shall set forth the proposed accounting and rates of accrual. Such plans shall provide for the liquidation of each expense equalization reserve at the close of each accounting year. Equalization reserves shall not be used in respect to expenditures, the distortionary fluctuations of which spread over a cycle of longer than one year. (See section 22(d).)

Sec. 2-14 Depreciation and amortization.

(a) Depreciation shall be calculated by the air carrier in such manner as will prevent the charging of either excessive or inadequate expense or the accumulation of excessive or inadequate reserves, and shall be based upon a study of the air carrier's history and experience or such engineering or other information as may be available with respect to prospective future conditions and without regard to depreciation accounting practices adopted for tax purposes. Undepreciable residual values shall be established for each class of property and equipment and shall represent the fair and reasonable estimate of the recov-

Section 5—Balance Sheet Account Groupings

Sec. 5-3 Property and equipment.

(a) All investments of the air carrier in land and units of tangible property and equipment shall be included within this general classification.

(b) The cost of properties covered by conditional sales contracts shall be recorded in the appropriate property and equipment accounts of the buyer, and removed from the property and equipment accounts of the seller, as at the date on which possession is delivered to the buyer unless there is material uncertainty as to the complete consummation of the transaction.

(c) Property obtained under an agreement for lease or lease with option to purchase, not constituting a conditional sale, shall not be recorded on the books of the lessee until actual purchase, at which time the price at actual date of purchase plus leasehold improvements shall be recorded in the appropriate property and equipment accounts. A footnote to the CAB Form 41 balance sheet as at December 31 of each year shall disclose the pertinent facts related to lease agreements pursuant to section 23, Schedule B-2 Notes to Balance Sheet.

(d) The general classification "Property and Equipment" shall be subclassified as between "Operating Property and Equipment" and "Nonoperating Property and Equipment". "Operating Property and Equipment" shall encompass items used in air transportation services and services incidental thereto. "Nonoperating Property and Equipment" shall encompass investments in property and equipment not separately accounted for within a nontransport division but assigned to other than air transportation and its incidental services, and property and equipment held for future use.

(e) Operating and nonoperating property and equipment shall be accounted for separately in accordance with the following instructions:

- (1) Investment in property and equipment shall be recorded at total cost including all expenditures applicable to acquisition, other costs of a preliminary nature, costs incident to placing in position and conditioning for operations, and costs of additions, betterments, improvements and modifications.
- (2) The cost of additions, betterments, improvements and modifications shall

Sec. 5-1 Current assets.

(a) Include in this classification all resources which may reasonably be expected to be realized in cash or sold or consumed within one year, such as unrestricted cash, those assets that are readily convertible into cash or are held for current use in operations, and current claims against others to the extent settlement is reasonably assured, except that securities of others classified in investment and special fund accounts at date of acquisition need not be reclassified until disposition thereof.

(b) Perpetual inventories of all materials, supplies, lubricating oils, motor fuels and flight equipment expendable parts shall be maintained and shall be physically verified at least annually. Any shortage, overage, shrinkage, etc., shall be adjusted by charges or credits to the appropriate expense account.

(c) Items of general current asset characteristics which are not expected to be realized or consumed within one year may be included in this classification provided the noncurrent portion is not substantial in amount and classification as a current item will not impair the significance of working capital.

Sec. 5-2 Investments and special funds.

(a) Include in this classification long-term investments in securities of others exclusive of United States Government securities, securities which are not readily marketable, funds set aside for specific purposes or involving restrictions preventing current use, contract performance deposits and other securities, receivables, or funds not available for current operations. Investments in United States Government securities shall be included in the current assets account group.

(b) Investments in securities of others shall be recorded at cost exclusive of amounts paid for accrued interest or dividends.

(c) Permanent impairment in the value of securities may be reflected through charges to profit and loss classification 8100 Nonoperating Income and Expense—Net.

Name of account	Operating	Nonoperating
Reserve for depreciation—buildings and other improvements.	1660	1760
Maintenance buildings and improvements.	1660.1	1760.1
Other buildings and improvements.	1660.9	1760.9
Reserves for depreciation—ground property and equipment.	1669	1769
Land.	1679	1779
Construction work in progress.	1689	1789
Deferred charges:		
Long-term prepayments.		
Developmental and preoperating costs.		
Unamortized discount and expense on debt.		
Unamortized capital stock expense.		
Property acquisition adjustment.		
Other intangibles.		
Other deferred charges.		
Current liabilities:		
Current notes payable.	1820	
Accounts payable—general.	1830	
Collections as agent—traffic.	1840	
Notes and accounts payable—associated companies.	1850	
Accrued personnel compensation.	2010	
Accrued vacation liability.	2110	
Accrued Federal income taxes.	2120	
Other accrued taxes.	2131	
Dividends declared.	2139	
Air travel plan liability.	2140	
Unearned transportation revenue.	2150	
Other current liabilities.	2160	
Noncurrent liabilities:		
Long-term debt.	2210	
Advances from associated companies.	2240	
Advances from nontransport divisions.	2245	
Pension liability.	2250	
Company stock purchase plan liability.	2260	
Other noncurrent liabilities.	2290	
Deferred credits:		
Unamortized premium on debt.	2330	
Deferred Federal income taxes.	2340	
Reserve for self-insurance.	2350	
Other deferred credits.	2390	
Stockholder equity:		
Preferred stock.	2820	
Common stock.	2840	
Capital stock subscribed and unissued.	2860	
Other paid-in capital.	2880	
Premium on capital stock.	2890.1	
Discount on capital stock.	2890.2	
Other capital stock transactions.	2890.3	
Miscellaneous paid-in capital.	2890.9	
Appropriations of retained earnings.	2930	
Unappropriated retained earnings.	2940	
Treasury stock.	2990	

Prescribed for Group II and Group III air carriers only.

At the option of the air carrier these accounts may be assigned numbers 2629 and 2729, respectively, for accounting purposes.

Note: Digits to right of decimals and italicized codes established for CAB control purposes only.

Section 4—General

(a) The balance sheet accounts are designed to show the financial condition of the air carrier as at a given date, reflecting the asset and liability balances carried forward subsequent to the closing or constructive closing of the air carrier's books of account.

(b) The balance sheet accounts prescribed in this system of accounts for each air carrier group are set forth in Section 3, Chart of Balance Sheet Accounts. The balance sheet elements to be included in each account are prescribed in section 6 and the balance sheet groupings to be accorded each account are set forth in section 5.

be charged to the balance sheet account in which the property or equipment to which related is carried. (See section 2-9 for applicable accounting policy.) The cost of parts and appurtenances removed, and the reserve for depreciation applicable thereto, shall be treated as for retired property and accounted for accordingly.

(3) If different classes of property and equipment chargeable to more than one property account are purchased for a single sum and the cost of each class cannot be definitely ascertained, apportionment shall be based upon the most accurate information available. If necessary, appraisals shall be made to establish the relative costs.

(4) If property and equipment is acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, the costs and related depreciation reserves as carried on the books of the predecessor company at the date of transfer shall be entered by the acquiring air carrier in the appropriate accounts prescribed for recording investments in tangible assets. Any difference between the purchase price of the property and equipment acquired and its depreciated cost at date of acquisition shall be recorded in balance sheet account 1870 Property Acquisition Adjustment. Property acquired from an associated company shall also be accounted for in accordance with this paragraph unless otherwise approved by the Board.

(5) Upon disposal by sale, retirement, abandonment, dismantling, or otherwise, of equipment depreciated on a unit basis, the air carrier shall credit the accounts in which the costs related to the property or equipment are carried with the balances thereof; charge the related depreciation reserves with the balances applicable to the property disposed of; and charge the cash proceeds of the sale or the value of salvaged material to the appropriate asset accounts. Where the sales price or salvage value less the cost of dismantling differs from the costs related to the property less accrued depreciation reserves, such difference shall be recorded in the appropriate capital gain or loss accounts.

(6) Upon disposal by sale, retirement, abandonment, dismantling, or otherwise of property or equipment depreciated on

a group basis, the air carrier shall credit the account in which the property or equipment is carried, and charge the related depreciation reserve with the original cost thereof, less any salvage realized, regardless of the age of the item. No gain or loss is recognized on the retirement of individual items of property or equipment depreciated on a group basis. However, the proceeds from sales of scrapped parts and assemblies, which are accumulated and sold in lots for nominal amounts and without identification of the individual items, shall be credited to profit and loss account 18 Other Incidental Revenues.

(7) If property is retired or disposed of as a result of major accident or other casualty, the costs related to such property, less accrued depreciation reserves, shall be charged to balance sheet account 1890 Other Deferred Charges pending adjustments and settlement of insurance. The resulting profit or loss, after reflecting adjustments for insurance coverage or self-insurance, shall be recorded as a capital gain or loss or as a credit or debit to the applicable self-insurance reserve, as appropriate. If the air carrier has no option but to accept replacement by an equivalent unit, the book cost and accrued depreciation reserves applicable to the unit disposed of shall be assigned to the new property or equipment. Where the air carrier has the option in settlement to select between replacement in kind and cash or its equivalent, the air carrier shall account for the property or equipment disposed of in accordance with subparagraph (5) or (6) of this section 5-3(e). Any property or equipment purchased in replacement shall be recorded pursuant to subparagraph (1) of this section 5-3(e).

(8) When property and equipment owned by the air carrier is applied as part payment of the purchase price of new property and equipment, the new property and equipment shall be recorded at its full purchase price provided an excessive allowance is not made for assets traded in, in lieu of price adjustment of assets acquired. The difference between the depreciated cost of assets applied as payment and the amount allowed therefor shall be treated as retirement gain or loss. When used

(10) When operating property or equipment is retired from air transportation or incidental operations and retained by the air carrier, its cost, together with applicable depreciation reserves, shall be transferred to balance sheet classification 1700 Nonoperating

Property and Equipment. If property is transferred for exclusive use of non-transport divisions, the cost less related depreciation reserves shall be recorded in balance sheet account 1520 Advances to Nontransport Divisions.

(11) The air carrier shall maintain property and equipment records setting forth the description of all property and equipment recorded in balance sheet classifications 1600 and 1700 Property and Equipment. With respect to each unit or group of property or equipment, the record shall show the date of acquisition, the original cost, the cost of additions and betterments, the cost of parts retired, rates of depreciation, residual values not subject to depreciation, and the date of retirement or other disposition.

(12) Property and equipment loaned, in the custody of, or consigned to the air carrier without a purchase obligation, shall not be recorded in the same manner as similar classes or types of property purchased by the air carrier. The property and equipment accounts shall not be charged with the value of such property, and liability accounts shall not be established. *Provided, however*, That appropriate memoranda accounts may be maintained.

(13) Charges to the accounts prescribed in section 6 shall be made upon the basis of functions performed without regard to the location at which the equipment or property is installed or placed.

(14) Objective accounts shall be maintained for each class of property and equipment in accordance with the instructions set forth in section 6.

Sec. 5-4 Property and equipment depreciation and overhaul.

(a) The balance sheet classification "depreciation reserves" shall include the accumulation of all provisions for losses occurring in property and equipment from use and obsolescence. For example, it shall include reserves for depreciation established to record current lessening in service value due to wear and tear from use and the action of time and the elements, as well as losses in capacity for use or service occasioned by obsolescence, supersession, discoveries, change in popular demand, or the requirement of public authority. Residual values and rates for accrual of depreciation shall be calculated to pre-

vent charging excessive or inadequate expense or the accumulation of inadequate or excessive reserves.

(b) Depreciation chargeable against operations shall be calculated from the date on which a building, structure, or unit of property is placed in or contributes to regular service and shall cease on the date such property is withdrawn from service by reason of sale, retirement, abandonment, or dismantling, or when the difference between the cost and residual value shall have been charged to expense.

(c) Property for which depreciation shall not be chargeable against operations shall include (1) land owned or held in perpetuity, and (2) expenditures on uncompleted units of property and equipment during the process of construction or manufacture.

(d) Rates of depreciation and undepreciable residual values applied to each class of depreciable property and equipment shall be calculated to distribute the estimated depreciable cost to operating expense accounts and other accounts over the estimated service life of the property and equipment in such manner as will prevent the charging of either excessive or inadequate expense or the accumulation of excessive or inadequate reserves (see section 2-14(a)) and fully recognize the extent to which all expenditures attaching to property and equipment are otherwise recoverable through income charges and disposal proceeds.

(e) Adjustments in rates of depreciation occasioned by changing conditions shall be applied in accordance with the general policies set forth in section 2-14.

(f) Each air carrier shall adopt procedures of accounting for airframe and aircraft engine overhauls as will effectively result in the allocation of total maintenance expense between accounting periods in accordance with the use of airframes and aircraft engines. When overhauls are scheduled in such a manner as will produce a relatively equitable allocation of maintenance costs between accounting periods, the cost of each overhaul may be expensed directly as performed. Under circumstances in which overhaul procedures are such that the direct expensing of overhaul costs will not result in an equitable allocation of total maintenance costs as between different accounting periods the air carrier shall apply, consistently with respect to

all airframe and engine types for which direct expensing of overhaul costs will not effectively produce an equitable allocation of cost, the accounting procedures set forth in paragraph (g) of this section 5-4. For the purposes of this system of accounts and reports, an airframe or aircraft engine "overhaul" shall be deemed to encompass the total of those inspections or replacements of major components performed in piecemeal phases, or in one operation, as are required to be performed at specified maximum periodic intervals by the Civil Air Regulations to recertify that airframes or aircraft engines are in a completely airworthy condition. Costs which attach to the routine replacement of minor parts and servicing or inspection of airframes and aircraft engines, performed on a recurrent but not scheduled basis, or on a scheduled basis without withdrawal from line service, to maintain airframes and aircraft engines in an operating condition, shall not be considered to be "overhauls" but shall be expensed directly as ordinary recurrent maintenance. Extraordinary costs of material amounts associated with the renewal of major structural parts of airframes and aircraft engines beyond the scope of normal periodic overhauls, or which are incurred at periodic intervals approximating the depreciable service life of the airframe and aircraft engine types to which related, shall not be considered to be overhauls. Such costs shall be accounted for as restoration of assets chargeable to the related property account. The cost of components removed, together with related depreciation reserves, shall be treated as retired property and accounted for accordingly. In the event identification of the cost of the components removed is not feasible, the costs entailed in substituting components may be charged against the related depreciation reserves.

(g) The accounting procedures in this paragraph (g) shall be observed as a consistent practice with respect to all airframe or aircraft engine types for which the direct expensing of overhaul costs will not effectively produce an equitable allocation of costs between accounting periods in accordance with the use of airframes or aircraft engines:

(1) With respect to owned airframes or aircraft engines, profit and loss account 72 Flight Equipment Airworthi-

ness Provisions shall be charged each quarterly accounting period and balance sheet account 1629 Flight Equipment Airworthiness Reserves shall be concurrently credited with recurrent provisions for all costs associated with overhauls, which are not otherwise recurrently expensed and are necessary to place overhaul costs on a full accrual basis. Separate subaccounts shall be established for recording reserves accumulated with respect to airframes and aircraft engines, respectively. That portion of the recurrent charges representing provisions for labor, materials and outside overhaul costs shall be entered in profit and loss account 5272. That portion representing provisions for maintenance burden shall be entered in profit and loss account 5372.

(2) When overhauls are performed, the related cost of labor, materials, outside overhauls, and maintenance burden shall be charged against the applicable flight equipment airworthiness reserve. Profit and loss account 5272 Flight Equipment Airworthiness Provisions shall be concurrently credited with the applicable costs of labor, materials and outside overhauls. Profit and loss account 5372 Flight Equipment Airworthiness Provisions shall be concurrently credited with the cost of applicable maintenance burden. The cost of each overhaul shall also be charged to the applicable direct maintenance and maintenance burden objective accounts as incurred and appropriate asset or liability accounts shall be concurrently credited.

(3) When improvements or betterments of either owned or leased airframes or aircraft engines are effected in conjunction with overhauls of such property, the costs related to such improvements or betterments shall be charged to the appropriate asset accounts.

(4) Provisions for overhauls of leased airframe and aircraft engines shall be charged to the applicable airworthiness provision expense account. To the extent the air carrier is obligated to return the property to the lessor in an overhauled condition, an appropriate subaccount of balance sheet account 2190 Other Current Liabilities or an appropriate subaccount of balance sheet account 2290 Other Noncurrent Liabilities shall be credited. Upon the performance of overhauls, the applicable costs in-

curred in liquidating any liability for overhaul of leased property shall be charged to the appropriate liability account. Upon settlement with the lessor, any remaining liability shall be transferred along with associated improvements and related depreciation reserves to profit and loss account 81 Capital Gains and Losses. Except as provided in this subparagraph, the accounting to be observed with respect to leased airframes and aircraft engines shall conform with those prescribed with respect to owned airframes and aircraft engines.

(5) Upon retirement of owned airframes or aircraft engines the applicable flight equipment airworthiness reserves shall be transferred, along with the cost and related depreciation reserves of the property retired, to profit and loss account 81 Capital Gains and Losses. However, under circumstances in which the air carrier does not, as a consistent practice, exclude from depreciable cost an amount equivalent to the cost of an overhaul, in addition to the normal residual value, the related flight equipment airworthiness reserve shall be transferred, upon retirement of the applicable flight equipment, to profit and loss account 72 Flight Equipment Airworthiness Provisions; the reserve so transferred shall be associated in amount with the property retired and the amount so transferred shall be clearly identified with account 72 Flight Equipment Airworthiness Provisions on CAB Form 41 Schedule B-8.

(6) Provisions for overhauls of airframes or aircraft engines may be made upon either a unit basis or a group basis. In either case, the accrual rates shall be based on representative experienced and anticipated overhaul costs per hour flown between overhauls for each airframe or aircraft engine type. The rates for new types of airframes or aircraft engines may be based upon parallel experience or upon such engineering or other information as may be available. Rates for direct costs and related maintenance burden provisions, respectively, shall be recalculated at the close of each fiscal year, at least, and the applicable reserve or liability adjusted accordingly, on the basis of hours flown since last overhaul, by charges or credits to the applicable airworthiness provisions expense account. When reserves or liabilities for overhaul are first estab-

lished the provisions for hours expired from the beginning of the overhaul cycle as of the close of the next previous fiscal year, computed on the same basis as for the current fiscal year, shall be charged to the applicable airworthiness provisions expense account. When material amounts are involved, profit and loss account 96 Special Income Credits and Debits (Net) shall be charged.

(7) Material effects upon income taxes resulting from differences as between income recognized for tax and book purposes, associated with accruals to airframe or aircraft engine airworthiness reserves, shall be accounted for in accordance with the instructions for balance sheet account 2340 Deferred Federal Income Taxes.

(8) Each air carrier shall submit a statement by July 1, 1960 fully describing its plans of accounting for airframes and aircraft engine overhauls and thereafter as a supplement to the CAB Form 41 for the period in which such accounting is first established or revised. Revisions in the plans submitted shall be considered as having been approved unless otherwise notified in writing within 30 days after the date received. The required statement shall indicate for each airframe and aircraft engine type whether the costs of overhauls related thereto are as a matter of consistent practice expensed directly or accounted for on an accrual basis. If expensed directly, the statement shall include a factual demonstration that such accounting practice results in an equitable apportionment of costs between different accounting periods in accordance with the use of airframes or aircraft engines and does not produce periodic peaks in maintenance costs in one accounting year which are properly applicable to operations performed in other accounting years. If accounted for on an accrual basis the statement shall indicate separately the rates at which the direct cost and maintenance burden provisions are being accumulated; whether provisions are effected on a unit basis or a group basis; the hours over which reserves or liabilities are being accumulated; and whether differences in income tax expenses associated with differences in financial accounting and tax practices for overhaul are deferred as a consistent practice. The statement shall also provide a factual demonstration of the overhauls over previous representative periods are based.

Sec. 5-5 Deferred charges.

(a) Include in this classification all debit balances in general clearing accounts including charges held in suspense pending receipt of information necessary for final disposition, prepayments chargeable against operations over a period of years, capitalized expenditures of an organizational or developmental character, property acquisition adjustments, and the cost of patents, copyrights and miscellaneous intangibles.

(b) Deferred charges having a definite time incident shall be amortized over the periods to which they apply. Each air carrier shall file as a supplement to the CAB Form 41 report for the period during which property acquisition adjustments, developmental and preoperating costs, and other intangibles are first capitalized, a statement setting forth a description of the amounts capitalized and the monthly rates at which it proposes to amortize such costs. The plan set forth in this statement shall thenceforth be followed by the air carrier, unless directed otherwise by the Civil Aeronautics Board. (See section 22(d).)

Sec. 5-6 Current liabilities.

Include in this classification all debts or obligations the liquidation or payment of which is reasonably expected to require the use, within one year, of existing resources of a type which are properly classifiable as current assets, or the creation of other current liabilities. Current liabilities shall include payables incurred in the acquisition of materials, collections received in advance of performance of services, debts accruing from expenses incurred from operations and other liabilities that are regularly and ordinarily subject to current liquidation.

Sec. 5-7 Noncurrent liabilities.

(a) This classification shall include all debts or obligations the liquidation or payment of which is not reasonably expected to require the use within one

year of existing resources of a type which are properly classifiable as current assets, or the creation of current liabilities. Noncurrent liabilities shall include mortgages, bonds and debentures maturing more than one year from the date of the balance sheet and other obligations not payable within 12 months. It shall reflect the principal amount or par value of debt securities issued or other long-term debt assumed by the air carrier. Discount and expense on long-term debt shall be recorded in the Deferred Charges balance sheet group. Premiums on long-term debt shall be recorded in the Deferred Credits balance sheet account group.

(b) In cases where debt coming due within 12 months is to be refunded, or where payment is to be made from assets of a type not properly classifiable as current, the amount payable shall not be removed from this classification.

(c) Gains or losses on liquidation of bonds, debentures or other debt securities of the air carrier shall be entered in profit and loss classification 8100 Nonoperating Income and Expense—Net. Gains and losses or adjustments to liabilities accrued from expenses incurred in operations shall be entered in the expense accounts initially charged.

Sec. 5-8 Deferred credits.

(a) Include in this classification all credit balances in general clearing accounts including credits held in suspense pending receipt of information necessary for final disposition and premiums on long-term debt securities of the air carrier.

(b) Deferred credits having a definite time incidence shall be amortized over the periods to which they apply.

Sec. 5-9 Stockholder equity.

(a) This general classification shall include all items which record the aggregate interests of holders of the air carrier's stock in assets owned by the air carrier.

(b) The general classification "Stockholder Equity", shall be subdivided between that portion representing direct contributions of the stockholders, or "Paid-In Capital", that portion representing income retained from the operation of the air carrier, or "Retained Earnings", and that portion, "Treasury Stock", representing the cost to the air

carrier of capital stock issued by the air carrier which has been reacquired and is held for disposition.

(c) The "Paid-In Capital" classification shall be subdivided between "Capital Stock", which shall include the par or stated value of capital stock issued or the cash value of the consideration actually received in case of stock having no par or stated value, and "Other Paid-In Capital", which shall include the excess (premium) or deficiency (discount) of the cash value of the consideration received from the issue of any capital stock having par or stated value, donations by stockholders, adjustments of capital resulting from reorganization or recapitalization, and gains or losses from reacquisition and resale or retirement of the air carrier's capital stock.

(d) The records supporting the entries in the accounts included in the "Other Paid-In Capital" balance sheet classification shall be maintained with sufficient particularity to identify amounts applicable to each series and class of stock affected.

(e) Discount applicable to a particular class or series of capital stock shall not be offset against premiums applicable to another class or series of capital stock. At the option of the air carrier discount applicable to a particular class or series of stock may be offset against premiums related to that class or series of stock.

(f) Gains or losses arising from the reacquisition and resale or retirement of the air carrier's capital stock shall be credited or debited, as appropriate, to that portion of "Other Paid-In Capital" which relates to the particular series and class of capital stock resold or retired.

(g) The "Retained Earnings" balance sheet classification shall reflect the balance of net profits, income, and gains of the air carrier from the date of incorporation after deducting losses, and distributions to stockholders. In cases where a deficit has been absorbed by a reduction of "Other Paid-In Capital" as a result of a restatement of capital stock or retained earnings, a new retained earnings account shall be established, dated to show that it runs from the effective date of the restatement and this dating shall be disclosed in financial statements until such time as the effective date no longer possesses special significance.

Section 6—Objective Classification of Balance Sheet Elements

CURRENT ASSETS

1010 Cash.

(a) Record here all general and working funds available on demand as of the date of the balance sheet which are not formally restricted or earmarked for specific objectives. Funds deposited for special purposes which are to be satisfied within one year shall be included in account 1030 Special Deposits and funds restricted as to general availability, which are not offset by current liabilities, shall be included in account 1550 Special Funds—Other.

(b) Each air carrier shall subdivide this account in such manner that the balance can be readily segregated as between balances in United States currency and the balances in each foreign currency.

1030 Special Deposits.

Record here funds or securities deposited with fiscal agents or others for payment of current obligations. Deposits for more than one year, not offset by current liabilities, shall not be included in this account but in account 1550 Special Funds—Other.

1110 United States Government Securities.

Record here the cost of United States Government securities. This account shall be charged or credited for discount or premium to be amortized to profit and loss account 83 Interest Income.

1120 Other Temporary Cash Investments.

Record here the cost of securities and other collectible obligations acquired for the purpose of temporarily investing cash, other than those issued by the United States Government or associated companies. This account shall be charged or credited for discount or premium to be amortized to profit and loss account 83 Interest Income.

1220 Accounts Receivable—U.S. Government.

Record here amounts due on open account with the United States Government. The balances in this account shall be maintained in such fashion as will clearly and separately identify service

mail pay receivables, subsidy receivables and other than mail transportation receivables.

1230 Accounts Receivable—Foreign Governments.

Record here amounts due on open account with foreign governments.

1240 Accounts Receivable—General Traffic.

(a) Record here amounts due for the performance of air transportation, except those due from the United States and foreign governments and associated companies, includible in balance sheet accounts 1220 Accounts Receivable—U.S. Government, 1230 Accounts Receivable—Foreign Governments, and 1250 Notes and Accounts Receivable—Associated Companies. This account shall include gross amounts due whether settled through airline clearing houses or with individual carriers.

(b) Amounts payable, includible in account 2030 Collections as Agent—Traffic shall not be credited to this account.

1250 Notes and Accounts Receivable—Associated Companies.

Record here gross amounts due from associated companies including traffic accounts receivable, which are settled currently. Balances payable to associated companies shall not be offset against amounts carried in this account. Balances with associated companies which are not normally settled currently shall not be included in this account but in balance sheet account 1510 Investments in Associated Companies.

1260 Notes and Accounts Receivable—Company Personnel.

Record here amounts due from officers and employees of the air carrier.

1280 Notes and Accounts Receivable—Other.

Record here notes receivable and accounts due from others, which are to be settled currently, not provided for in accounts 1220 to 1260, inclusive.

1290 Reserve for Uncollectible Accounts.

(a) Record here accruals for estimated losses from uncollectible accounts.
(b) All accounts against which reserves have been established shall be examined at least annually for the pur-

pose of redetermining the basis of accruals to be applied to subsequent accounting periods and the reasonableness of reserves already provided.

1310 Flight Equipment Expendable Parts.

(a) Record here the cost of flight equipment replacement parts of a type which ordinarily would be recurrently expended and replaced rather than repaired and reused. The cost of rotatable parts and assemblies of material value which ordinarily are repaired and reused and possess a service life approximating that of the primary property types to which related shall not be recorded in this account but in balance sheet account 1608 Flight Equipment Rotable Parts and Assemblies. For purposes of identifying rotatable parts and assemblies of insignificant unit value which may be included in this account, a reasonable maximum unit value limitation may be established.

(b) Costs paid by the air carrier such as transportation charges and customs duties; excise, sales, use and other taxes; special insurance; and other charges applicable to the cost of flight equipment expendable parts shall be charged to this account when they can be definitely allocated to specific items or units of property. If such costs cannot be so allocated, or if of minor significance in relation to the cost of such property, the amounts thereof may be charged to balance sheet account 1890 Other Deferred Charges, and cleared either by a suitable "loading charge" as the parts are used or by current charges to appropriate expense or property accounts: *Provided*, That the method of application does not cause material distortion in operating expenses from one accounting period to another.

(c) Reusable parts recovered in connection with construction, maintenance, or retirement of property and equipment shall be included in this account at fair and reasonable values but in no case shall such values exceed original cost. Recoveries of normally repairable and reusable parts of a type for which losses in value may be covered on a practical basis through valuation reserve provisions shall be included in this account on an original cost basis. Scrap and nonusable parts, expensed from this account and recovered, shall be included

at net amounts realizable therefrom with contra credit to the expense accounts initially charged.

(d) Any losses sustained or gains realized upon the abandonment or other disposition of flight equipment expendable parts shall be taken up as capital gains or losses in the periods in which sustained or realized. (See balance sheet account 1311.)

(e) Items in this account shall be charged to appropriate expense accounts as issued for use. Profit and loss on sales of inventory items as a routine service to others shall be included in profit and loss accounts 14 General Service Sales—Associated Companies, or 16 General Service Sales—Outside, and the parts sold shall be removed from this account at full cost.

(f) Subaccounts shall be established within this account for the separate recording of each class or type of flight equipment expendable repair parts.

1311 Obsolescence and Deterioration Reserves—Expendable Parts.

(a) Accruals shall be made to this account when reserves are established for losses in the value of expendable parts. The accruals to this account shall be made by charges to profit and loss account 73 Provisions for Obsolescence and Deterioration—Expendable Parts. Records shall be maintained in sufficient detail to permit association of the reserves with each class or type of expendable parts.

(b) The accruals to this account shall be based upon a predetermination by the air carrier of that portion of the total inventory of each class and type of expendable parts against which a reserve for loss is to be accrued. Expendable parts issued for use in operations shall be charged to operating expenses as issued and shall not be charged to this account. If at the end of any calendar year the amount of the reserve exceeds the product of the applicable inventory for the year determined consistently on a year-end or average basis, and the sum of the standard percentage accrual rates for all prior years including the current, the reserve shall be adjusted downward by the amount of the excess. Such adjustments shall be charged to this account and credited to profit and loss account 73 Provisions for Obsolescence and Deterioration—Expendable Parts.

OPERATING PROPERTY AND EQUIPMENT

1601 Airframes.

(a) Record here the total cost to the air carrier of airframes of all types and classes, as provided in Section 5-3, together with the full complement of instruments, appurtenances and fixtures comprising complete airframes including accessories necessary to the installation of engines and flight control and transmission systems, except as specifically provided otherwise in accounts 1602 to 1607, inclusive and excluding main and tail rotor heads of rotary wing aircraft.

(b) Airframes designed to permit multiple payload configurations shall be recorded in this account at the total cost of the maximum complement of instruments, appurtenances and fixtures used in the air carrier's operations.

1602 Aircraft Engines.

Record here the total cost to the air carrier of complete units of aircraft engines of all types and classes, as provided in Section 5-3, together with a full complement of accessories, appurtenances, parts and fixtures comprising fully assembled engines as delivered by the engine manufacturer ready for operation in test but without the accessories necessary to its installation in airframes.

1603 Aircraft Propellers.

Record here the total cost to the air carrier of installed aircraft propellers and rotary wing aircraft rotors, and other similar assemblies, of all types and classes, pursuant to section 5-3. Values recorded in this account shall not be changed with the substitution of parts and assemblies except as provided by section 5-3(e) (2).

1604 Aircraft Communications and Navigational Equipment.

Record here the total cost to the air carrier of installed airborne communications and electronic navigational equipment, and other similar assemblies, of all types and classes pursuant to section 5-3. Values recorded in this account shall not be changed with the substitution of parts and assemblies except as provided by section 5-3(e) (2).

1606 Miscellaneous Flight Equipment.

Record here the total cost to the air carrier of complete units of miscellaneous

vances, loans, and other amounts not settled currently. Balances receivable from and payable to different associated companies shall not be offset.

1520 Advances to Nontransport Divisions.

(a) Record here investments in and advances (including amounts due on open accounts) to nontransport divisions for which separate records and books of account are maintained.

(b) Three subaccounts shall be maintained for each nontransport division:

(1) net investment; (2) current net profit or loss; and (3) current accounts receivable or payable between the air carrier and the nontransport division.

(c) Each nontransport division shall be accounted for separately in net amounts receivable which shall be included in this account or net amounts payable which shall be included in balance sheet account 2245 Advances From Nontransport Divisions.

1530 Other Investments and Receivables.

Record here notes and accounts receivable not due within one year and investments in securities issued by others. Securities held as temporary cash investments shall not be included in this account but in either balance sheet account 1110 United States Government Securities or 1120 Other Temporary Cash Investments as appropriate. Investments in and receivables from associated companies which are not settled currently shall be included in balance sheet account 1510 Investments in Associated Companies.

1540 Special Funds—Self-Insurance.

Record here funds segregated as part of a plan for the operation of a reserve for self-insurance.

1550 Special Funds—Other.

Record here special funds not of a current nature and restricted as to general availability, except funds for uninsured losses. Include items such as sinking funds, cash and securities posted with courts of law, employee's funds for purchase of capital stock, pension funds under the control of the air carrier and equipment purchase funds. Funds for uninsured losses shall be included in balance sheet account 1540 Special Funds—Self-Insurance.

property, the amounts thereof may be charged to balance sheet account 1890 Other Deferred Charges, and cleared either by a suitable "loading charge" as the parts are used or by current charges to appropriate expense or property accounts: *Provided*, That the method of application does not cause material distortion in operating expenses from one accounting period to another.

(d) Reusable materials and supplies recovered in connection with the construction, maintenance, or retirement of property and equipment shall be included in this account at fair and reasonable values but in no case shall such values exceed original cost. Scrap and unusable materials and supplies, expensed from this account and recovered, shall be included at net amounts realizable therefrom with contra credit to the expense accounts initially charged.

(e) A reserve for inventory adjustment applicable to materials and supplies is prohibited. Items in this account shall be charged to appropriate expense accounts as issued for use. Profit and loss on sales of inventory items as a routine service to others shall be included in profit and loss account 14 General Service Sales—Associated Companies or 16 General Service Sales—Outside.

(f) Subaccounts shall be established within this account for the separate recording of each class or type of miscellaneous materials and supplies.

1410 Short-Term Prepayments.

Record here prepayments of obligations which if not paid in advance would require the expenditure of working capital within one year, such as prepaid rent, insurance, taxes, interest, etc. Unexpired insurance and miscellaneous prepayments applicable to periods extending beyond one year where significant in amount shall be charged to balance sheet account 1820 Long-Term Prepayments.

1420 Other Current Assets.

Record here current assets not provided for in balance sheet accounts 1010 to 1410, inclusive.

INVESTMENTS AND SPECIAL FUNDS

1510 Investments in Associated Companies.

Record here net investments in associated companies together with ad-

(c) Where changing conditions necessitate a revision or adjustment in rates of accrual, such revision or adjustment shall be made applicable to current and subsequent accounting periods and shall not be applied retroactively to prior accounting periods. Following retirement of airframe or aircraft engine types to which related, any balance remaining in this account shall be offset against related balances carried in balance sheet account 1310 Flight Equipment Expendable Parts and the net cleared to profit and loss account 81 Capital Gains and Losses.

(d) A statement shall be filed with the Civil Aeronautics Board prior to the establishment or revision of reserves for obsolescence and deterioration of expendable parts. This statement shall indicate for each class or type of parts the predetermined level of the inventory against which a reserve is being accrued and shall fully explain the bases of the estimated losses and the rate of reserve accrual. No obsolescence and deterioration reserves shall be established, or revised without notice to the Civil Aeronautics Board.

1330 Miscellaneous Materials and Supplies.

(a) Record here the cost of unissued and unapplied materials and supplies, including motor fuels and lubricating oils, held in stock such as unissued shop materials, expendable tools, stationery and office supplies, passenger service supplies, and restaurant and food service supplies.

(b) This account shall not include flight equipment replacement parts. Such items shall be recorded, as appropriate, in balance sheet account 1310 Flight Equipment Expendable Parts or 1608 Flight Equipment Rotable Parts and Assemblies.

(c) Materials and supplies held in small supply and purchased currently may be charged to appropriate expense accounts when purchased. Costs paid by the air carrier such as transportation charges and customs duties; excise, sales, use and other taxes; special insurance; and other charges applicable to the cost of materials and supplies shall be charged to this account when they can be definitely allocated to specific items or units of property. If such costs cannot be allocated, or if of minor significance in relation to the cost of such

neous airborne flight equipment of all types and classes, not otherwise provided for in accounts 1601 through 1604, inclusive, as provided in section 5-3, such as miscellaneous flight crew equipment, life rafts, etc.

1607 Improvements to Leased Flight Equipment.

Record here the total cost to the air carrier incurred in connection with modification, conversion or other improvements to leased flight equipment, as provided in section 5-3.

1608 Flight Equipment Rotable Parts and Assemblies.

(a) Record here the total cost to the air carrier of all spare instruments, parts, appurtenances and subassemblies related to the primary components of flight equipment units provided for in balance sheet accounts 1601 through 1607, inclusive, as provided in section 5-3. This account shall include all parts and assemblies of material value which are rotatable in nature, are generally reserved or repaired, are used repeatedly and possess a service life approximating that of the property type to which they relate. Items of an expendable nature which generally may not be repaired and reused, shall not be recorded in this account but in account 1310 Flight Equipment Expendable Parts. Except for recurrent service sales, flight equipment parts recorded in this account shall be accounted for in accordance with the instructions related to property and equipment generally and shall not be charged to operating expense as retired. Profit or loss on sales of parts as a routine service to others shall be included in profit and loss account 14 General Service Sales—Associated Companies, or 16 General Service Sales—Outside, and parts sold shall be removed from this account at full cost irrespective of any reserve for depreciation which has been provided.

(b) This account shall be subdivided as follows by Group II and Group III air carriers:

1608.1 Airframe Parts and Assemblies.

1608.5 Aircraft Engine Parts and Assemblies.

1608.9 Other Parts and Assemblies.

1609 Flight Equipment.

This classification is established only for purposes of control by the Civil Aeronautics Board and shall reflect the total

cost of property and equipment of all types and classes used in the in-flight operations of aircraft.

1619 Reserve for Depreciation—Flight Equipment.

(a) Record in accounts 1611 through 1618, inclusive, accruals for depreciation of flight equipment as provided in section 5-4.

(b) As set forth in section 3, Chart of Balance Sheet Accounts, separate accounts shall be established for depreciation reserves to parallel balance sheet accounts 1601 through 1608 established for recording the cost of flight equipment.

1629 Flight Equipment Airworthiness Reserves.

(a) Record here accumulated provisions for overhauls of flight equipment as provided in section 5-4 (f) and (g).

(b) Separate subaccounts shall be established for recording accumulated provisions related to each type of airframe and aircraft engine, respectively.

NOTE: At the option of the air carrier the number "2629" may be assigned to this account for accounting purposes. However, for purposes of reporting on CAB Form 41, the balance in this account shall be reported under account "1629".

1630 Passenger Service Equipment.

Record here the total cost to the air carrier of full complements of equipment assigned to aircraft or active line operations as opposed to items held in stock for servicing passengers, as provided in section 5-3, such as broilers, beetleware, dishes, food boxes, thermos jugs, blankets, first aid kits, etc. Spare items shall be carried in balance sheet account 1330 Miscellaneous Materials and Supplies and shall be charged directly to expense upon withdrawal from stock for replacing original complements.

1631 Hotel, Restaurant and Food Service Equipment.

Record here the total cost to the air carrier of all types and classes of equipment used in restaurants and kitchens, as provided in section 5-3.

1632 Ramp Equipment.

Record here the total cost to the air carrier of equipment of all types and

classes, as provided in section 5-3, used in enplaning and handling traffic and in handling aircraft while on ramps, including motorized vehicles used in ramp service. Classes of equipment used interchangeably between handling aircraft on ramps and in maintaining aircraft may be classified in accordance with normal predominant use.

1633 Communication and Meteorological Equipment.

Record here the total cost to the air carrier of non-airborne equipment of all types and classes, as provided in section 5-3, used in meteorological and communication services which is not a part of buildings.

1634 Maintenance and Engineering Equipment.

Record here the total cost to the air carrier of equipment of all types and classes, as provided in section 5-3, including motorized vehicles used in engineering and drafting services and in maintaining, overhauling, repairing and testing other classes of property and equipment. Classes of equipment used interchangeably between handling aircraft on ramps and in maintaining aircraft may be classified in accordance with normal predominant use.

1635 Surface Transport Vehicles and Equipment.

Record here the total cost to the air carrier of property and equipment of all types and classes, as provided in section 5-3, used in ground and marine transportation services. This account shall not include motorized vehicles or equipment used primarily in loading and servicing aircraft or in maintaining aircraft, which motorized vehicles or equipment shall be classified in accordance with predominant use.

1636 Furniture, Fixtures and Office Equipment.

Record here the total cost to the air carrier of furniture, fixtures and office equipment of all types and classes, wherever used or located, as provided in section 5-3.

1637 Storage and Distribution Equipment.

Record here the total cost to the air carrier of property and equipment of all types and classes, as provided in section

5-3, used in storing and distributing fuel, oil and water, such as fueling trucks, tanks, pipe lines, etc.

1638 Miscellaneous Ground Equipment.

Record here the total cost to the air carrier of ground equipment of all types and classes, as provided in section 5-3 (not provided for in balance sheet accounts 1630 through 1637, inclusive) such as medical, photographic, and employee's training equipment, and airport and airway lighting equipment.

1640 Buildings and Other Improvements.

Record here the total cost to the air carrier of buildings, structures and equipment and related improvements, both owned and leased, as provided in section 5-3. Each air carrier shall maintain the following subaccounts in which the values fairly assignable to maintenance and other operations shall be separately recorded:

1640.1 Maintenance Buildings and Improvements.

1640.9 Other Buildings and Improvements.

1649 Ground Property and Equipment.

This classification is established only for purposes of control by the Civil Aeronautics Board and shall reflect the total cost of property and equipment of all types and classes other than flight equipment, land, and work in progress.

1669 Reserves for Depreciation—Ground Property and Equipment.

(a) Record in accounts 1650 through 1660, inclusive, accruals for depreciation of ground property and equipment as provided in section 5-4.

(b) As set forth in section 3, Chart of Balance Sheet Accounts, separate accounts shall be established for depreciation reserves which parallel balance sheet accounts 1630 through 1640, established for recording the cost of ground property and equipment.

1679 Land.

Record here the initial cost and the cost of improving land, as provided in section 5-3.

1689 Construction Work in Progress.

(a) Record here the direct and indirect costs to the air carrier accumulated to the date of the balance sheet in connection with constructing and ready-

ing for installation in operations, for property and equipment of all types and classes as provided in section 5-3. Where properly includible in the property and equipment classification, record here also the accumulated costs for uncompleted overhauls of airframes, aircraft engines, or other material units of property.

(b) At the option of the air carrier this account may be used as a clearing account for recording the cost of property and equipment acquisitions prior to a distribution thereof to the appropriate property accounts, whether or not conditioning or modification is necessary before placing in service.

NONOPERATING PROPERTY AND EQUIPMENT

1700 Nonoperating Property and Equipment.

The total cost to the air carrier of nonoperating property and equipment and related reserves for depreciation shall be recorded in balance sheet accounts 1701 through 1789 which, as set forth in section 3, Chart of Balance Sheet Accounts, parallel those established above, balance sheet accounts 1601 through 1689, for recording the cost of operating property and equipment.

DEFERRED CHARGES

1820 Long-Term Prepayments.

Record here prepayments of obligations applicable to periods extending beyond one year such as payments on leased property and equipment and other payments and advances for rents, rights or other privileges.

1830 Developmental and Preoperating Costs.

(a) Record here costs accumulated and deferred by the air carrier pertaining to the development of new routes or extension of existing routes, preparation for operation of new routes subsequent to certification by the Civil Aeronautics Board, the integration of new types of aircraft or services, and other preparations for substantial alterations in operational characteristics.

(b) Costs chargeable to this account shall include items directly related to each specific developmental or preoperating project, such as travel and incidental expenses, legal expenses, flight crew training expenses, and regulatory proceedings expenses. Expenses which would be otherwise incurred in the

rier shall be amortized to profit and loss account 74 Amortization, unless otherwise approved or directed by the Civil Aeronautics Board. Other amounts included in this account shall be amortized or charged to profit and loss account 89 Miscellaneous Nonoperating Debits.

1840 Unamortized Discount and Expense on Debt.

(a) Record here the excess of the par value of debt securities issued over the cash value of consideration received therefor, exclusive of accrued interest, together with expenses related to the assumption by the air carrier of debt of all types and classes.

(b) Amounts recorded in this account shall be amortized to profit and loss account 87 Interest Expense. Discount and expense on short-term debt may be charged directly to profit and loss account 87 Interest Expense.

1850 Unamortized Capital Stock Expense.

Record here, in separate subdivisions for each class and series of capital stock, all commissions and expenses incurred in the original issuance and sale of capital stock. The air carrier may amortize the balance in this account to profit and loss account 89 Miscellaneous Nonoperating Debits. The air carrier may, at its option, record expenses incurred in the issuance of capital stock in balance sheet account 2890 Other Paid-In Capital as an offset to paid-in capital.

1870 Property Acquisition Adjustment.

(a) Record here the difference between the purchase price to the air carrier of property and equipment acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, and the depreciated cost to the predecessor company at date of acquisition. Record here also such differences relating to purchases of property and equipment from associated companies unless other treatment is approved by the Board. Separate subaccounts shall be established to record the amounts applicable to each such acquisition.

(b) Balances in this account shall be amortized by charges to profit and loss account 89 Miscellaneous Nonoperating Debits unless otherwise directed or approved by the Civil Aeronautics Board.

(c) A supplementary statement shall accompany reports covering the periods in which charges are made to this account. The required statement shall include an explanation of the charges and the air carrier's proposed plan for write-off or amortization. The plan shall be considered effective unless the air carrier is informed of modifications of the proposed accounting treatment by the Civil Aeronautics Board. (See section 22(d).)

(d) The foregoing instructions do not apply to purchases of individual units of property or equipment from another air carrier when such acquisitions do not require approval of the Civil Aeronautics Board.

1880 Other Intangibles.

Record here the cost of leaseholds, patents, copyrights and other intangible properties, rights and privileges acquired as a part of a business from other air carriers and other intangible assets not provided for elsewhere. This account shall be subdivided to reflect the nature of each intangible asset included in this account. Amortization of each intangible asset recorded in this account shall be effected in accordance with a plan filed with the Civil Aeronautics Board. (See section 5-5.)

1890 Other Deferred Charges.

(a) Record here debits, not provided for elsewhere, the proper final disposition of which cannot be effected until additional information has been received. This account shall include the accumulated cost of labor, materials and outside services used in the process of manufacturing flight equipment expendable parts and materials and supplies for stock, the accumulated cost of jobs in process for others, and projects to be charged to expense upon completion.

(b) This account shall be charged with property loss and other costs related to casualties and credited with recoveries from purchased insurance and salvage. Where self-insurance reserves are not provided, a debit or credit balance in this account related to property retired as a result of a casualty shall be recorded in profit and loss account 81 Capital Gains and Losses; however, any balances related to property not retired or to other casualties shall be recorded in profit and loss account 58 Injuries, Loss and Damage. Proceeds from pur-

chased insurance for property damage, received prior to repair of such damage, shall not be credited to this account but to balance sheet account 2390 Other Deferred Credits pending repair. In cases where self-insurance reserves are applicable, debit or credit balances in this account related to property loss shall be accounted for in accordance with the provisions of balance sheet account 2350 Reserve for Self-Insurance. The records for each major casualty shall be kept in such manner as to clearly disclose insurance recoveries and the total costs, which shall include charges for the depreciated cost of property damaged or destroyed, costs for clearing wrecks and damaged property and equipment, including salaries and wages for the repair thereof, and payments for damages to property of others. The cost of casualties shall not be charged directly against retained earnings or appropriations thereof, but shall be cleared through the applicable profit and loss accounts in accordance with the foregoing.

CURRENT LIABILITIES

2010 Current Notes Payable.

Record here the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness payable on demand or within one year to other than associated companies, including the portion of long-term debt due within one year of the balance sheet date. The current portion of long-term debt expected to require the use of existing resources of a type not properly classifiable as current assets, shall be included in appropriate noncurrent liability accounts and shall not be included in this account.

2020 Accounts Payable—General.

Record here all accounts payable within one year which are not provided for in accounts 2010 to 2050, inclusive. This account shall include obligations, already matured at balance sheet date, for which settlement amounts have been established. Amounts accrued for obligations unmatured at the balance sheet date, but payable within one year, shall be recorded in balance sheet account 2190 Other Current Liabilities.

2030 Collections as Agent—Traffic.

(a) This account shall include amounts collected for transportation furnished by others, except associated

companies, whether settled through air-clearing houses or with individual carriers.

(b) Accounts receivable, includible in account 1240 Accounts Receivable—General Traffic shall not be charged to this account.

2040 Collections as Agent—Other.

Record here amounts collected for the account of others such as sales or transportation taxes and amounts deducted from employee salaries and wages for payments to others exclusive of amounts collected for air transportation over the lines of other air carriers.

2050 Notes and Accounts Payable—Associated Companies.

Record here gross amounts due on traffic accounts, current notes and open accounts with associated companies. Balances receivable from associated companies, shall not be offset against amounts carried in this account. Balances with associated companies which are not normally settled currently shall not be included in this account but in balance sheet account 2240 Advances from Associated Companies.

2110 Accrued Personnel Compensation.

Record here amounts accrued for unpaid compensation to personnel, which have been charged to profit and loss or capitalized, as compensation for the period in which accrued.

2120 Accrued Vacation Liability.

(a) Record here any accruals for liabilities against the air carrier for personnel vacations. At the option of the air carrier the cost of personnel vacations may be charged directly to the applicable personnel compensation expense account without accrual through this account.

(b) This account shall be credited and the applicable personnel compensation expense account concurrently charged with the cost of any lag between vacations accrued and vacations taken. Accruals may be based upon standard rates of lag provided such standard rates are verified by physical inventory and adjusted accordingly at least once each calendar year. Adjustments of balances in this account shall be cleared to applicable compensation expense accounts. No accruals shall be made to this account for other than definitely demon-

strable obligations of the air carrier. (See section 2-5 for applicable accounting policy.)

2131 Accrued Federal Income Taxes.

Record here accruals for currently payable Federal income taxes. Provisions for deferred taxes shall not be accrued except as provided in balance sheet account 2340 Deferred Federal Income Taxes.

2139 Other Accrued Taxes.

Record here accruals for taxes, exclusive of Federal income taxes, constituting a charge borne by the air carrier, as opposed to those collected as an agent for others.

2140 Dividends Declared.

Record here in separate subdivisions for each class and series of capital stock, all dividends declared but unpaid on capital stock.

2150 Air Travel Plan Liability.

Record here the air carrier's liability for deposits received under air travel plan contracts.

2160 Unearned Transportation Revenue.

(a) Record here the value of transportation sold, but not used or refunded, for travel over the air carrier's own lines. Each air carrier shall establish practices for the clearance of transportation revenues as earned to the applicable transportation revenue profit and loss accounts and for the periodic clearance on a consistent basis of unredeemed transportation sales to the related transportation revenue profit and loss accounts or other appropriate accounts. Physical verification of the reliability of revenue accounting practices shall be made at least once each accounting year.

(b) A statement shall be filed with the Civil Aeronautics Board as a supplement to the Form 41 reports which fully explains the accounting methods and bases of clearing to income both earned and unredeemed transportation sales. (See section 22(d).)

2190 Other Current Liabilities.

Record here current and accrued liabilities not provided for in accounts 2010 to 2160, inclusive. This account shall include estimated amounts for established obligations and other accruals for obligations unmatured at the balance sheet

date. It shall not include obligations already matured at the balance sheet date for which settlement amounts have been established. Such amounts shall be included in balance sheet account 2020 Accounts Payable—General.

NONCURRENT LIABILITIES

2210 Long-Term Debt.

Record here the face value or principal amount of debt securities issued or assumed by the air carrier and held by other than associated companies, which has not been retired or cancelled and is not payable within 12 months of the balance sheet date, except as provided in section 5-7.

2240 Advances from Associated Companies.

Record here net amounts due associated companies for notes, loans and advances which are not settled currently. Balances payable to and receivable from different associated companies shall not be offset.

2245 Advances from Nontransport Divisions.

(a) Record here net advances, including amounts settled currently, from nontransport divisions for which separate records and books of account are maintained.

(b) Each nontransport division shall be accounted for separately in net amounts payable, which shall be included in this account, or net amounts receivable which shall be included in balance sheet account 1520 Advances to Nontransport Divisions.

2250 Pension Liability.

Record here the liability of the air carrier under employee pension plans, to which either or both employees and the air carrier contribute, if the plan is administered by the air carrier.

2260 Company Stock Purchase Plan Liability.

Record here the liability for installments received on capital stock from company personnel who are not bound by legally enforceable subscription contracts.

2290 Other Noncurrent Liabilities.

Record here noncurrent liabilities not provided for in balance sheet accounts 2210 to 2260, inclusive, such as accruals

for personnel dismissal liability, and accruals of other demonstrable miscellaneous noncurrent liabilities.

DEFERRED CREDITS

2330 Unamortized Premium on Debt.

(a) Record here the excess of the cash value of consideration received over the par value plus accrued interest on debt securities issued.

(b) Amounts recorded in this account shall be amortized to profit and loss account 87 Interest Expense.

2340 Deferred Federal Income Taxes.

(a) Record here deferred income tax credits and debits arising from different treatment for tax and book accounting purposes of those income elements specifically set forth in section 2-6(b).

(b) This account shall be credited or debited, as appropriate and profit and loss subaccount 92.1 Current Provisions for Deferred Taxes shall be debited or credited, each quarter, with deferred income taxes applicable to the income elements for which the related income tax effect is deferred. Deferred tax provisions shall be computed at tax rates, under existing law, at which the deferred taxes are payable. This means that insofar as income differences result from the application of different residual values in determining depreciation the applicable deferred tax shall be accrued at the appropriate capital gain rate.

(c) This account shall be debited or credited as appropriate, and profit and loss subaccount 92.2 Application of Taxes Deferred shall be credited or debited, each quarter, with deferred tax amounts previously accrued which are allocable to income of the current period.

(d) Upon adjustment or elimination of the income element for which income taxes are deferred, the related deferred tax balance included in this account shall be correspondingly adjusted or eliminated by debit or credit, as appropriate, to profit and loss subaccount 92.3 Adjustment of Deferred Taxes.

(e) Any debit balance herein shall be treated for statement purposes, as a special subaccount of balance sheet account 1890 Other Deferred Charges.

(f) Each air carrier is restricted in its use of this account to the purposes set forth in section 2-6. Deferred tax balances shall not be reversed or revised without prior approval of the Civil

Aeronautics Board except that correction of clerical errors shall be effected upon the initiative of the air carrier. All adjustments shall be effected through appropriate credits or debits to profit and loss subaccount 92.3 Adjustment of Deferred Taxes. Full explanation of each adjustment shall be set forth in CAB Form 41 report for the period in which the adjustment is made.

2350 Reserve for Self-Insurance.

(a) Record here all accruals through charges against income for uninsured losses. Segregations of retained earnings for uninsured loss contingencies shall not be credited to this account but to balance sheet account 2930 Appropriations of Retained Earnings. All sustained losses associated with risks for which accruals are being made shall be charged to this account. If through the operation of the carrier's self-insurance plan a debit balance results in this account, such debit balance shall not be reclassified to another account for either statement or accounting purposes but shall remain in this account until liquidated through operation of the plan in subsequent periods. Upon each redemption of self-insurance requirements, pursuant to section 2-13, any balances of material amount in excess of those required to cover current risks borne by the air carrier shall be credited to profit and loss account 96 Special Income Credits and Debits (Net) rather than to income and expense accounts. (See section 2-13, Establishment of Reserves.)

(b) The losses charged to this account shall be limited to the net losses associated with each casualty for which self-insurance reserves are provided, after offsetting any recoveries from purchased insurance, as accumulated in balance sheet account 1890 Other Deferred Charges. (See also section 2-13.) Under co-insurance programs, this account shall be charged with losses borne by the carrier and not covered by purchased insurance. Any excess of accumulated proceeds from purchased insurance under such co-insurance programs over the depreciated cost of accumulated property losses during each insured period shall be credited to this account to the extent losses associated with such casualties have been charged to this account during such period. Any remaining excess accumulated during

the insured period shall be credited to profit and loss account 81 Capital Gains and Losses and shall not be credited to this account. The cost of ordinary maintenance and overhaul work performed along with the repair of casualty damage shall be charged to the appropriate maintenance accounts and not to this account. Refunds of insurance premiums whether based upon the air carrier's casualty experience, or otherwise, shall not be credited to this account but to the applicable insurance expense account.

(c) Each air carrier shall maintain appropriate records for each type and class of property risk or other risk for which self-insurance reserves are provided.

(d) The air carrier shall submit in writing to the Civil Aeronautics Board a statement describing the air carrier's policy with respect to self-insurance pursuant to section 2-13.

2390 Other Deferred Credits.

Record here credits, not provided for elsewhere, the proper final disposition of which cannot be effected until additional information has been received.

STOCKHOLDER EQUITY

2820 Preferred Stock.

Record here in separate subdivisions for each class and series, the par or stated value of preferred capital stock issued or in the case of no-par stock without stated value, the full consideration received.

2840 Common Stock.

Record here in separate subdivisions for each class and series, the par or stated value of common stock issued or in case of no-par stock without stated value, the full consideration received.

2860 Capital Stock Subscribed and Unissued.

Record here in separate subdivisions for each class and series, the par or stated value, or the subscription price in the case of stock without par or stated value, of legally enforceable subscriptions to the capital stock of the air carrier.

2890 Other Paid-In Capital.

(a) Record here in separate subdivisions for each class and series, the difference between the price at which

capital stock is sold and the par or stated value of such stock; gains or losses arising from the reacquisition and the resale or retirement of each class and series of capital stock; donations; the excess of retained earnings capitalized over par or stated value of capital stock issued; and adjustments in capital resulting from reorganization or recapitalization. This account shall also include the balances of contributions to the business enterprise of individual proprietors or partners.

(b) Each air carrier shall maintain the following subaccounts:

2890.1 Premium on Capital Stock.

Record here in separate subdivisions for each class and series of capital stock issued the excess of the cash value of consideration received over the par or stated value and accrued dividends of stock issued together with assessments against stockholders representing payments required in excess of par or stated value.

2890.2 Discount on Capital Stock.

Record here in separate subdivisions for each class and series of capital stock issued, the excess of the par or stated value over the cash value of consideration received, less accrued dividends. Discount applicable to a particular class and series of capital stock may be offset against premiums from the same class and series of capital stock. Discounts and premiums on different classes and series of capital stock shall not be offset. The air carrier may, at its option, record in this subaccount commissions and expenses incurred in the issuance of capital stock and may charge balance sheet account 2940 Unappropriated Retained Earnings to the extent capital stock expense may exceed any existing balance of paid-in capital over the par or stated value of capital stock.

2890.3 Other Capital Stock Transactions.

Record here, in separate subdivisions for each class and series, the balance of credits arising from the reacquisition and resale or cancellation of capital stock, credits arising from a reduction in the par or stated value of capital stock or the net balance of credits or debits resulting from other paid-in capital transactions, not provided for elsewhere, which is identified with particular classes and series of capital stock.

2890.9 Miscellaneous Paid-In Capital.

Record here all other paid-in capital credits or debits not identified with particular classes and series of capital stock such as capital provided by donations from company stockholders and other paid-in capital which at the effective date of this system of

PROFIT AND LOSS CLASSIFICATIONS
Section 7—Chart of Profit and Loss Accounts

carrier. If a dividend is not payable in cash the values entered in this account shall be completely described.

(c) Delayed credits or charges to income shall not be entered in this account directly but in appropriate profit and loss accounts.

(d) Net income or loss accounted for during the current fiscal year shall not be entered in this account until the close of the fiscal year. Individual proprietorships or partnerships may clear net income or loss accounted for during the year directly to balance sheet account 2890 Other Paid-In Capital, or optionally, to this account for subsequent transfer to balance sheet account 2890 Other Paid-In Capital.

2990 Treasury Stock.

(a) Charge here the cost of capital stock issued by the air carrier reacquired by it and not retired or cancelled. Capital credits or debits resulting from the resale or retirement of capital stock held in this account shall be entered in balance sheet account 2890.3 Other Capital Stock Transactions.

(b) Separate records shall be established for each class and series of capital stock held in this account.

accounts cannot be classified as to the source thereof.

2930 Appropriations of Retained Earnings.

(a) Record here amounts of retained earnings segregated for contingencies and other special purposes, including retained earnings segregated in connection with self-insurance plans.

(b) Charges resulting from the materialization of events for which retained earnings have been appropriated shall not be entered in this account but in appropriate profit and loss accounts. Balances in this account shall be returned to balance sheet account 2940 Unappropriated Retained Earnings when the reason for which created no longer exists.

2940 Unappropriated Retained Earnings.

(a) Record here the net income or loss from operations of the air carrier and dividends declared on capital stock.

(b) This account shall not be charged with dividends on treasury stock but may be charged with dividends on capital stock of the air carrier held in special funds not under the control of the air

Objective classification of profit and loss elements		Functional or financial activity to which applicable (00)		
		Group I carriers	Group II carriers	Group III carriers
OPERATING REVENUES				
01	Passenger.	31, 32	31, 32	31, 32
01.1	Passenger—first class.	31, 32	31, 32	31, 32
01.2	Passenger—coach.	31, 32	31, 32	31, 32
02	United States mail.	31, 32	31, 32	31, 32
02.1	Priority.	31, 32	31, 32	31, 32
02.2	Nonpriority.	31, 32	31, 32	31, 32
03	Foreign Mail.	31, 32	31, 32	31, 32
06	Property.	31, 32	31, 32	31, 32
06.1	Express.	31, 32	31, 32	31, 32
06.2	Freight.	31, 32	31, 32	31, 32
06.3	Excess passenger baggage.	31, 32	31, 32	31, 32
07	Charter and special.	32	32	32
07.1	Passenger.	32	32	32
07.2	Property.	32	32	32
08	Section 406 subsidy.	41	41	41
09	Foreign exchange fluctuation adjustments.	41	41	41
10	Hotel, restaurant and food service.	46	46	46
10.1	Gross revenues.	46	46	46
10.2	Depreciation expense.	46	46	46
10.3	Other expenses.	46	46	46
11	Rents.	46	46	46
11.1	Gross revenues.	46	46	46
11.2	Depreciation expense.	46	46	46
11.3	Other expenses.	46	46	46
12	Limousine service.	46	46	46
12.1	Gross revenues.	46	46	46
12.2	Depreciation expense.	46	46	46
12.3	Other expenses.	46	46	46
13	Interchange sales—associated companies.	46	46	46
13.1	Gross revenues.	46	46	46
13.2	Depreciation expense.	46	46	46
13.3	Other expenses.	46	46	46
14	General service sales—associated companies.	46	46	46
14.1	Gross revenues.	46	46	46
14.2	Depreciation expense.	46	46	46
14.3	Other expenses.	46	46	46
15	Interchange sales—outside.	46	46	46
15.1	Gross revenues.	46	46	46
15.2	Depreciation expense.	46	46	46
15.3	Other expenses.	46	46	46
16	General service sales—outside.	46	46	46
16.1	Gross revenues.	46	46	46
16.2	Depreciation expense.	46	46	46
16.3	Other expenses.	46	46	46
17	Air cargo services.	46	46	46
17.1	Gross revenues.	46	46	46
17.2	Depreciation expense.	46	46	46
17.3	Other expenses.	46	46	46
18	Other incidental revenues.	46	46	46
18.1	Gross revenues.	46	46	46
18.2	Depreciation expense.	46	46	46
18.3	Other expenses.	46	46	46
19	Other operating revenues.	31, 32	31, 32	31, 32
19.1	Reservations cancellation fees.	31, 32	31, 32	31, 32
19.9	Miscellaneous operating revenues.	31, 32, 41	31, 32, 41	31, 32, 41
OPERATING EXPENSES				
21	General management personnel.	53, 55, 64, 67, 68.	53, 55, 64, 67, 68.	53, 55, 61, 62, 63, 65, 66, 68.
23	Pilots and copilots.	51	51	51
24	Other flight personnel.	51, 69	51, 69	51, 55.
25	Maintenance labor.	51, 69	51, 69	51, 55.
25.1	Labor—airframes.	52	52	52
25.2	Labor—aircraft engines.	52	52	52
25.3	Labor—other flight equipment.	52	52	52
25.6	Labor—flight equipment.	52	52	52
25.9	Labor—ground property and equipment.	52, 53.	52, 53.	52, 53.

Objective classification of profit and loss elements		Functional or financial activity to which applicable (00)		
		Group I carriers	Group II carriers	Group III carriers
OPERATING EXPENSES—continued				
26 Aircraft and traffic handling personnel.....	69	64, 67	61, 62, 63, 65	53, 55
26.1 General aircraft and traffic handling personnel.....	69	64, 67	61, 62, 63, 65	53, 55
26.2 Aircraft control personnel.....	69	64, 67	61, 62, 63, 65	53, 55
26.3 Passenger handling personnel.....	69	64, 67	61, 62, 63, 65	53, 55
26.4 Cargo handling personnel.....	69	64, 67	61, 62, 63, 65	53, 55
28 Trainees, instructors and unallocated shop labor.....	51, 53, 69	51, 53, 55, 64, 67, 68	51, 53, 55, 61, 62, 63, 65, 66, 68	51, 53, 55, 61, 62, 63, 65, 66, 68
28.1 Trainees and instructors.....	51, 53, 69	51, 53, 55, 64, 67, 68	51, 53, 55, 61, 62, 63, 65, 66, 68	51, 53, 55, 61, 62, 63, 65, 66, 68
28.2 Unallocated shop labor.....	53	53	53, 55, 61, 62, 63, 65, 66, 68	53, 55
30 Communications personnel.....	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68	53, 55, 61, 62, 63, 65, 66, 68
31 Record keeping and statistical personnel.....	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68	53, 55, 61, 62, 63, 65, 66, 68
32 Lawyers and law clerks.....	69	69	69	69
33 Traffic solicitors.....	69	69	69	69
34 Purchasing personnel.....	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68	53, 55, 61, 62, 63, 65, 66, 68
35 Other personnel.....	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68	53, 55, 61, 62, 63, 65, 66, 68
36 Personnel expenses.....	51, 53, 69	51, 53, 55, 64, 67, 68	51, 53, 55, 61, 62, 63, 65, 66, 68	51, 53, 55, 61, 62, 63, 65, 66, 68
37 Communications purchased.....	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68	53, 55, 61, 62, 63, 65, 66, 68
38 Light, heat, power and water.....	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68	53, 55, 61, 62, 63, 65, 66, 68
39 Traffic commissions.....	69	69	69	69
39.1 Commissions—passenger.....	69	69	69	69
39.2 Commissions—property.....	69	69	69	69
40 Legal fees and expenses.....	51, 53, 69	51, 53, 55, 64, 67, 68	51, 53, 55, 61, 62, 63, 65, 66, 68	51, 53, 55, 61, 62, 63, 65, 66, 68
41 Professional and technical fees and expenses.....	51, 53, 69	51, 53, 55, 64, 67, 68	51, 53, 55, 61, 62, 63, 65, 66, 68	51, 53, 55, 61, 62, 63, 65, 66, 68
42 General services purchased—associated companies.....	42	42	42	42
42.1 Airframe repairs—associated companies.....	42	42	42	42
42.2 Aircraft engine repairs—associated companies.....	42	42	42	42
42.3 Other flight equipment repairs—associated companies.....	42	42	42	42
42.4 Flight equipment repairs—associated companies.....	42	42	42	42
42.5 Aircraft interchange charges—associated companies.....	42	42	42	42
42.6 General interchange service charges—associated companies.....	42	42	42	42
42.7 General interchange service charges—associated companies.....	42	42	42	42
42.8 General interchange service charges—associated companies.....	42	42	42	42
42.9 Other services—associated companies.....	42	42	42	42
43 General services purchased—outside.....	43	43	43	43
43.1 Airframe repairs—outside.....	43	43	43	43
43.2 Aircraft engine repairs—outside.....	43	43	43	43
43.3 Other flight equipment repairs—outside.....	43	43	43	43
43.4 Flight equipment repairs—outside.....	43	43	43	43
43.5 Aircraft interchange charges—outside.....	43	43	43	43
43.6 General interchange service charges—outside.....	43	43	43	43
43.7 General interchange service charges—outside.....	43	43	43	43
43.8 General interchange service charges—outside.....	43	43	43	43
43.9 Other services—outside.....	43	43	43	43
44 Rentals and landing fees.....	44	44	44	44
44.1 Rentals.....	44	44	44	44
44.2 Landing fees.....	44	44	44	44
45 Aircraft fuels and oils.....	45	45	45	45
45.1 Aircraft fuels.....	45	45	45	45
45.2 Aircraft oils.....	45	45	45	45
46 Maintenance materials.....	46	46	46	46
46.1 Airframes.....	46	46	46	46
46.2 Aircraft engines.....	46	46	46	46
46.3 Other flight equipment.....	46	46	46	46
46.4 Flight equipment.....	46	46	46	46
46.5 Ground property and equipment.....	46	46	46	46
46.6 Shop and servicing supplies.....	46	46	46	46
46.7 Stationery, printing and office supplies.....	46	46	46	46
46.8 Passenger food expense.....	46	46	46	46
46.9 Other supplies.....	46	46	46	46
47 Passenger food expense.....	47	47	47	47
48 Other supplies.....	48	48	48	48
49 Passenger food expense.....	49	49	49	49
50 Other supplies.....	50	50	50	50
51 Passenger food expense.....	51	51	51	51
52 Other supplies.....	52	52	52	52
53 Passenger food expense.....	53	53	53	53
54 Other supplies.....	54	54	54	54
55 Passenger food expense.....	55	55	55	55
56 Other supplies.....	56	56	56	56
57 Passenger food expense.....	57	57	57	57
58 Other supplies.....	58	58	58	58
59 Passenger food expense.....	59	59	59	59
60 Other supplies.....	60	60	60	60
61 Passenger food expense.....	61	61	61	61
62 Other supplies.....	62	62	62	62
63 Passenger food expense.....	63	63	63	63
64 Other supplies.....	64	64	64	64
65 Passenger food expense.....	65	65	65	65
66 Other supplies.....	66	66	66	66
67 Passenger food expense.....	67	67	67	67
68 Other supplies.....	68	68	68	68
69 Passenger food expense.....	69	69	69	69
70 Other supplies.....	70	70	70	70
71 Passenger food expense.....	71	71	71	71
72 Other supplies.....	72	72	72	72
73 Passenger food expense.....	73	73	73	73
74 Other supplies.....	74	74	74	74
75 Passenger food expense.....	75	75	75	75
76 Other supplies.....	76	76	76	76
77 Passenger food expense.....	77	77	77	77
78 Other supplies.....	78	78	78	78
79 Passenger food expense.....	79	79	79	79
80 Other supplies.....	80	80	80	80
81 Passenger food expense.....	81	81	81	81
82 Other supplies.....	82	82	82	82
83 Passenger food expense.....	83	83	83	83
84 Other supplies.....	84	84	84	84
85 Passenger food expense.....	85	85	85	85
86 Other supplies.....	86	86	86	86
87 Passenger food expense.....	87	87	87	87
88 Other supplies.....	88	88	88	88
89 Passenger food expense.....	89	89	89	89
90 Other supplies.....	90	90	90	90
91 Passenger food expense.....	91	91	91	91
92 Other supplies.....	92	92	92	92
93 Passenger food expense.....	93	93	93	93
94 Other supplies.....	94	94	94	94
95 Passenger food expense.....	95	95	95	95
96 Other supplies.....	96	96	96	96
97 Passenger food expense.....	97	97	97	97
98 Other supplies.....	98	98	98	98
99 Passenger food expense.....	99	99	99	99
100 Other supplies.....	100	100	100	100

Section 8—General

(a) The profit and loss accounts are designed to reflect, through natural groupings, the elements entering into the derivation of income or loss accruing to the proprietary interests during each accounting period.

(b) The prescribed system of accounts provides for the co-ordinate grouping of all revenues and expenses in terms of both major natural objectives and functional activities and for subdivision of both to provide varying degrees of detail for air carriers of differing accounting capacities and/or requirements.

(c) The detailed objective accounts established for each air carrier group, by the dual subdivision of profit and loss elements in terms of both natural objectives and functional activities, are set forth in section 7, Chart of Profit and Loss Accounts.

(d) The prescribed system of accounts provides generally that profit and loss elements shall be grouped in accordance with their inherent characteristics within the following primary classifications:

(1) *Operating revenues.* (i) This primary classification shall include revenues of a character usually and ordinarily derived from the performance of air transportation, and net revenues from services performed incidental to the performance of air transportation, which relate to services performed during the current accounting year, and adjustments of a recurrent nature applicable to services performed in prior accounting years. (See section 2-7.)

(ii) Operating revenues shall be subclassified in terms of functional activities as provided in section 9.

(2) *Operating expenses.* (i) This primary classification shall include expenses of a character usually and ordinarily incurred in the performance of air transportation which are attributable

Objective classification of profit and loss elements	Functional or financial activity to which applicable (00)		
	Group I carriers	Group II carriers	Group III carriers
NONOPERATING INCOME AND EXPENSES—continued			
87 Interest expense.....	81	81	81
87.1 Interest on debt principal.....	81	81	81
87.2 Amortization of discount and expense on debt.....	81	81	81
87.3 Amortization of premium on debt.....	81	81	81
88 Miscellaneous nonoperating credits.....	81	81	81
89 Miscellaneous nonoperating debits.....	81	81	81
INCOME TAXES			
91 Normal income taxes and surtaxes.....	91	91	91
92 Provisions for deferred Federal income taxes.....	91	91	91
92.1 Current provisions for deferred taxes.....	91	91	91
92.2 Application of taxes deferred.....	91	91	91
92.3 Adjustment of deferred taxes.....	91	91	91
95 Excess profits taxes.....	91	91	91
SPECIAL ITEMS			
96 Special income credits and debits (net).....	97	97	97
97 Special income tax credits and debits (net).....	97	97	97

NOTE: Digits to right of decimals and italicized codes established for OAB control purposes only.

to services performed during the current accounting year, and adjustments of a recurring nature attributable to services performed in prior accounting years. (See section 2-7.)

(ii) Operating expenses shall be subclassified in terms of functional activities as provided in sections 10 and 11.

(3) *Nonoperating income and expense—net.* This primary classification (8100) shall include income and loss incidental to commercial ventures not inherently related to the performance of the common carrier air transport services of the accounting entity; other revenues and expenses attributable to financing or other activities which are extraneous to and not an integral part of air transportation or its incidental services; and special recurrent items of a nonperiod nature.

(4) *Income taxes for current period.* This primary classification (9100) shall include provisions for Federal, state, local and foreign taxes which are based upon the net income of the air carrier for the current period together with refunds for excess profits credits or carry-back of losses and increases or reductions of income taxes of prior years of a magnitude which will not distort net income of the current accounting year. Income taxes applicable to special income credits or debits recorded in profit and loss classification 9700 Special Items, and other material income tax items not allocable to income of the current accounting year, shall not be included in this classification but in profit and loss classification 9700 Special Items.

(5) *Special items.* This primary classification (9700) shall include extraordinary credits and debits, exclusive of ordinary adjustments of a recurring nature, that are of sufficient magnitude to materially distort the total operating revenues or total operating expenses and permit misleading inferences to be drawn therefrom. (See section 2-7.)

included in function 6900 General Services and Administration.
(e) Each Group I air carrier shall maintain the following subfunctions:

5200 Direct Maintenance.

a. This subfunction shall include the costs of labor, materials and outside services consumed directly in periodic maintenance operations and the maintenance and repair of property and equipment, of all types and classes, regardless of the location at which incurred, exclusive of costs specifically identified with maintenance of property and equipment carried in balance sheet accounts 1634 Maintenance and Engineering Equipment and 1640.1 Maintenance Buildings and Improvements which shall be included in subfunction 5300 Maintenance Burden.

b. The cost of direct labor, materials and supplies, as well as outside repairs, used in the maintenance and repair of property and equipment shall be recorded on running job orders or tickets covering repairs and periodic inspections except servicing. Where a number of like items are maintained on a group basis, it will be necessary to maintain only one job order for each group.

c. When supervisory personnel such as crew chiefs, inspectors and foremen are engaged in direct labor in connection with equipment maintenance, a proportionate part of their salaries and wages shall be charged to the appropriate direct labor accounts. The cost of transporting property to and from shops for repair and maintenance shall be included as a part of the cost of the materials and supplies used in the repair or maintenance of such property and equipment. Transportation charges, customs and duties, etc., shall be included in the cost of repairs and maintenance operations when made by outside parties.

5300 Maintenance Burden.

a. This subfunction shall include all overhead or general expenses which are specifically identified with activities involved in periodic maintenance operations and the maintenance and repair of property and equipment of all types and classes, including the cost of direct labor, materials and outside services identified with the maintenance and repair of property and equipment carried in balance sheet accounts 1634 Maintenance and Engineering Equipment, and 1640.1 Maintenance Buildings and Improvements. It shall include expenses specifically related to the administration of maintenance stocks and stores, the keeping of pertinent maintenance operations records, and the scheduling, controlling, planning and supervision of maintenance operations.

b. This subfunction shall not include expenses related to financial accounting, purchasing or other overhead activities which are of general applicability to all operating

Section 10—Functional Classification—Operating Expenses of Group I Air Carriers

5100 Flying Operations.

(a) This function shall include expenses incurred directly in the in-flight operation of aircraft and expenses attaching to the holding of aircraft and aircraft operational personnel in readiness for assignment to an in-flight status.

(b) This function shall not include expenses incurred in repairing, servicing or storing aircraft, expenses incurred on the ground in protecting and controlling the in-flight movement of aircraft, or the compensation of ground personnel and other expenses incurred in scheduling or preparing aircraft or aircraft operational personnel for flight assignment. Such expenses shall be included in function 5400 Maintenance or function 6900 General Services and Administration.

5400 Maintenance.

(a) This function shall include all expenses, both direct and indirect, specifically identifiable with the repair and upkeep of property and equipment as may be required to meet operating and safety standards; in inspecting or checking property and equipment in accordance with prescribed operational standards; and in polishing or cleaning property and equipment when such polishing or cleaning is not an incidental routine in connection with the normal productive use of property and equipment.

(b) This function shall include the cost of direct labor, materials, and outside services and maintenance overhead or other costs specifically associated with maintenance operations regardless of the location at which incurred.

(c) This function shall not include costs incurred in the construction, improvement, or modification of property and equipment even when necessitated to meet new or changed operating or safety standards. Such costs shall be charged to appropriate property and equipment accounts.

(d) Costs incurred by aircraft handling personnel in visual inspection, minor check and servicing of aircraft, while in line service, shall not be included in this function when performed as an incidental routine during the normal productive use of aircraft but shall be

direct grants or aids for providing air transportation facilities. It shall not include revenues from the carriage of traffic or the performance of other specific contractual services for the United States Government.

4600 Incidental Revenues—Net.

(a) This subclassification shall include net revenues from services which grow from and are incidental to the air transportation services performed by the air carrier.

(b) This subclassification shall include revenues, less related expenses, from only those services which are performed as an incidental adjunct to air transportation services and which provide improved utilization of plant and organization required for the performance of air transportation services. Revenues and expenses related to services of a magnitude or scope beyond an incidental adjunct to air transportation services shall not be included in this subclassification. Revenues and expenses applicable to such services shall be included in profit and loss classification 8100 Nonoperating Income and Expense—Net, and the accounting modified to conform with that of a nontransport division whether or not the service is organized as a nontransport division.

(c) This subclassification shall embrace all expense items directly identified with particular incidental services performed as well as amounts representing increases in costs incurred in common with the air transport service, to the extent such increases result from the added incidental services, as well as a pro rata share of the costs incurred by the air carrier in operating facilities which are used jointly with others. As a general rule, this subclassification shall not include those costs, other than joint facilities costs, which would remain as an essential part of the air transport services if the incidental service were terminated.

(d) Each air carrier shall file with the Civil Aeronautics Board a statement setting forth the methods used in assigning or prorating expenses between incidental services and transport operations. This statement shall be filed no later than January 1, 1957 or with the air carrier's initial Form 41 report, whichever occurs later. Changes in such methods shall not be reflected in the air carrier's accounts until 30 days have elapsed following written notice to the Civil Aeronautics Board unless approved in writing by the Civil Aeronautics Board prior to expiration of the notice period. (See section 22(d).)

Section 9—Functional Classification—Operating Revenues

3900 Transport Revenues.

This classification is prescribed for all air carrier groups and shall include all revenues from the air transportation of traffic of all classes. It shall consist of the following subclassifications:

3100 Scheduled Services.

This subclassification shall include revenues from the transportation by air of traffic between points prescribed in certificates of public convenience and necessity issued by the Civil Aeronautics Board and held by the air carrier, for the transportation of individual passengers or cargo shipments (as opposed to charter of aircraft) on flights performed pursuant to published schedules, filed with the Civil Aeronautics Board, and an extra section or other flights performed as an integral part of the air carrier's published flight schedules.

3200 Nonscheduled Services.

This subclassification shall include revenues from the transportation by air of traffic between points not prescribed in certificates of public convenience and necessity issued by the Civil Aeronautics Board and held by the air carrier; from the performance of aircraft charter services; and from the performance of other air transportation services not constituting an integral part of services performed pursuant to published schedules filed with the Civil Aeronautics Board. Flights performed as extra sections of flights performed pursuant to published schedules shall not be included in this subclassification but in subclassification 3100 Scheduled Services.

4900 Nontransport Revenues.

This classification is prescribed for all air carrier groups and shall include all revenues, grants or aids for providing air transportation facilities, but not as direct payment for the carriage of traffic, and all revenues and fees, less expenses directly associated with the performance of services which grow from and are incidental to air transportation and are performed by the air carrier. It shall consist of the following subclassifications:

4100 Federal Subsidy.

This subclassification shall include revenues from the United States Government as

functions. Such expenses shall be included in function 6900 General Services and Administration.

c. This subfunction shall include only those expenses attributable to the current air transport operations of the air carrier. Maintenance burden associated with capital projects of the air carrier, other than overhauls of airframes and aircraft engines, shall be allocated thereto in accordance with the provisions of section 2-9(b). Maintenance burden incurred in common with services to other companies and operating entities shall be allocated thereto on a pro rata basis unless such services are so infrequent in performance or small in volume as to result in no appreciable demands upon the air carrier's maintenance facilities. When overhauls of airframes or aircraft engines are as a consistent practice accounted for on an accrual basis instead of expensed directly, maintenance burden shall be allocated thereto on a pro rata basis. Standard burden rates may be employed for quarterly allocations of maintenance burden provided the rates are reviewed at the close of each fiscal year, at least. When the actual burden rate for the year differs materially from the standard burden rate applied, adjustment shall be made to reflect the actual costs incurred for the full accounting year. Allocations of maintenance burden to capital projects, and service sales to others shall be effected through the individual maintenance burden objective accounts, except that the air carrier may effect such allocations by credits to profit and loss account 77 Uncleared Expense Credits under circumstances in which the use of that account will not undermine the significance of the individual maintenance burden objective accounts in terms of the expense levels associated with the air carrier's air transport services. Maintenance burden allocated to overhauls shall be credited to profit and loss subaccounts 5372.2 or 5372.7 Airworthiness Reserve Charges. Each air carrier shall file

with the Civil Aeronautics Board a statement, as a supplement to the Form 41 report, in which procedures followed in allocating maintenance burden between current transport services, overhauls, capital projects and outside services are fully explained. Revisions in such allocations shall not be made effective without written notice to the Civil Aeronautics Board.

6900 General Services and Administration.

This function shall include expenses incurred on the ground in controlling and protecting the in-flight movement of aircraft; landing, handling, or servicing aircraft on the ground; selling transportation; servicing and handling traffic of all classes; promoting the development of traffic; administering operations generally; and all other expenses not otherwise provided for in functions 5100 Flying Operations, 5400 Maintenance and 7000 Depreciation and Amortization.

7000 Depreciation and Amortization.

This function shall include all charges to expense to record losses suffered through current exhaustion of the serviceability of property and equipment due to wear and tear from use and the action of time and the elements, which are not replaced by current repairs as well as losses in serviceability occasioned by obsolescence, supersession, discoveries, change in popular demand or action by public authority. It shall also include charges for the amortization of capitalized developmental and preoperating costs and other intangible assets applicable to the performance of air transportation. (See sections 5-5 and 6-1830 and 1880.)

Section 11—Functional Classification—Operating Expenses of Group II and Group III Air Carriers

5100 Flying Operations.

(a) This function shall include expenses incurred directly in the in-flight operation of aircraft and expenses attaching to the holding of aircraft and aircraft operational personnel in readiness for assignment to an in-flight status.

(b) This function shall not include expenses incurred in repairing, servicing or storing aircraft, expenses incurred on the ground in protecting and controlling the in-flight movement of aircraft, or compensation of ground personnel and other expenses incurred in scheduling or preparing aircraft or aircraft operational personnel for flight assignment. Such expenses shall be included in function 5400 Maintenance, or function 6400 Aircraft and Traffic Servicing.

5400 Maintenance.

(a) This function shall include all expenses, both direct and indirect, incurred in the repair and upkeep of property and equipment as may be required to meet operating and safety standards; in inspecting or checking property and equipment in accordance with prescribed operational standards; and in polishing or cleaning property and equipment when such polishing or cleaning is not an incidental routine in connection with the normal productive use of property and equipment.

(b) This function shall include the cost of direct labor, materials, and outside services and maintenance overhead or other costs associated with maintenance operations regardless of the location at which incurred.

(c) This function shall not include costs incurred in the construction, improvement, or modification of property and equipment even when necessitated to meet new or changed operating or safety standards. Such costs shall be charged to appropriate property and equipment accounts.

(d) Costs incurred by aircraft handling personnel in visual inspection, minor check and servicing of aircraft, while in line service, shall not be included in this function when performed as an incidental routine during the normal productive use of aircraft but

shall be included in function 6400 Aircraft and Traffic Servicing.

(e) Both Group II air carriers and Group III air carriers shall maintain the following subfunctions:

5300 Direct Maintenance.

a. This subfunction shall include the costs of labor, materials and outside services consumed directly in periodic maintenance operations and the maintenance and repair of property and equipment of all types and classes, regardless of the location at which incurred, exclusive of property and equipment carried in balance sheet accounts 1634 Maintenance and Engineering Equipment and 1640.1 Maintenance Buildings and Improvements, which shall be included in subfunction 5300 Maintenance Burden.

b. The cost of direct labor, materials and supplies, as well as outside repairs, used in the maintenance and repair of property and equipment shall be recorded on running job orders or tickets covering repairs and periodic inspections except servicing. Where a number of like items are maintained on a group basis, it will be necessary to maintain only one job order for each group.

c. When supervisory personnel such as crew chiefs, inspectors and foremen are engaged in direct labor in connection with equipment maintenance, a proportionate part of their salaries and wages shall be charged to the appropriate direct labor accounts. The cost of transporting property to and from shops for repair and maintenance shall be included as a part of the cost of the materials and supplies used in the repair or maintenance of such property and equipment. Transportation charges, customs and duties, etc., shall be included in the cost of repairs and maintenance operations when made by outside parties.

5300 Maintenance Burden.

a. This subfunction shall include all overhead or general expenses used directly in the activities involved in periodic maintenance operations and the maintenance and repair of property and equipment of all types and classes, including the cost of direct labor, materials and outside services used in the maintenance and repair of property and equipment carried in balance sheet accounts 1634 Maintenance and Engineering Equipment, and 1640.1 Maintenance Buildings and Improvements. It shall include expenses related to the administration of maintenance stocks and stores, the keeping of pertinent maintenance operations records, and the scheduling, controlling, planning and supervision of maintenance operations.

b. This subfunction shall not include expenses related to financial accounting, purchasing or other overhead activities which are of general applicability to all operating functions. Such expenses shall

incident to documenting sales; expenses incident to controlling and arranging or confirming aircraft space for traffic sold; expenses incurred in direct sales solicitation and selling of aircraft space; and expenses incurred in developing tariffs and schedules for publication.

(c) This function shall not include expenses incurred in handling traffic subsequent to the issuance of documents establishing the air carrier's responsibility to provide air transportation which shall be included in functions 5500 Passenger Service and 6400 Aircraft and Traffic Servicing. However, for purposes of this system of accounts, expenses attributable to the operation of airport traffic offices, excluding reservation centers, shall be included in function 6400 Aircraft and Traffic Servicing. Expenses attributable to the operation of reservation or aircraft space control centers shall be included in function 6700 Promotion and Sales regardless of the location at which incurred.

(d) Group III air carriers shall subdivide this function as follows:

6500 *Reservations and Sales.*

This subfunction shall include expenses incident to direct sales solicitation, documenting sales, controlling and arranging or confirming aircraft space sold, and in developing tariffs and schedules for publication. It shall also include expenses attributable to the operation of city traffic offices. Expenses incurred in stimulating traffic and promoting the air carrier or air transportation generally shall not be included in this subfunction but in subfunction 6600 Advertising and Publicity.

6600 *Advertising and Publicity.*

a. This subfunction shall include expenses incurred in creating public preference for the air carrier and its services; stimulating development of the air transport market; and promoting the air carrier or developing air transportation generally.

b. This subfunction shall not include expenses incurred in direct sales solicitation and selling of aircraft space. Such costs shall be included in subfunction 6500 Reservations and Sales.

6800 *General and Administrative.*

(a) This function shall include expenses of a general corporate nature and expenses incurred in performing activities which contribute to more than a single operating function such as general financial accounting activities, pur-

to the protection and control of the in-flight movement of aircraft; scheduling or preparing aircraft operational crews for flight assignment; landing and parking aircraft; visual inspection, routine checking, servicing and fueling of aircraft; and other expenses incurred on the ground incident to readying for arrival and take-off of aircraft.

6200 *Traffic Servicing.*

a. This subfunction shall include the compensation of ground personnel and other expenses incurred on the ground incident to handling traffic of all types and classes on the ground subsequent to the issuance of documents establishing the air carrier's responsibility to provide air transportation. Expenses attributable to the operation of airport traffic offices shall also be included in this subfunction; expenses attributable to reservation centers shall be excluded. It shall include expenses incurred in both enplaning and deplaning traffic as well as expenses incurred in preparation for enplanement and all expenses subsequent to deplanement.

b. This subfunction shall also include costs incurred in handling and protecting all nonpassenger traffic while in flight. It shall not include expenses incurred in contributing to the comfort, safety and convenience of passengers while in flight or when flights are interrupted. Such expenses shall be included in function 5500 Passenger Service.

6300 *Servicing Administration.*

a. This subfunction shall include expenses of a general nature incurred in performing supervisory or administrative activities relating solely and in common to subfunctions 6100 Aircraft Servicing and 6200 Traffic Servicing.

b. This subfunction shall not include supervisory or administrative expenses which can be charged directly to subfunction 6100 Aircraft Servicing or subfunction 6200 Traffic Servicing. Nor shall this subfunction include expenses of a general administrative character and of significant amount regularly contributing to operating functions generally. Such expenses shall be included in function 6800 General and Administrative.

c. The expenses in this subfunction shall be recorded separately for each geographic location at which incurred.

6700 *Promotion and sales.*

(a) This function shall include expenses incurred in creating public preference for the air carrier and its services; stimulating the development of the air transport market; and promoting the air carrier or developing air transportation generally.

(b) It shall also include the compensation of personnel and other expenses

expenses shall be included in functions 6400 Aircraft and Traffic Servicing and 6700 Promotion and Sales, respectively.

6400 *Aircraft and Traffic Servicing.*

(a) This function shall include the compensation of ground personnel and other expenses incurred on the ground incident to the protection and control of the in-flight movement of aircraft, scheduling and preparing aircraft operational crews for flight assignment, handling and servicing aircraft while in line operation, servicing and handling traffic on the ground, subsequent to the issuance of documents establishing the air carrier's responsibility to provide air transportation, and in-flight expenses of handling and protecting all nonpassenger traffic including passenger baggage.

(b) This function shall include only those aircraft servicing and cleaning expenses which are incurred as an incidental routine during the normal productive use of aircraft in line operations. It shall not include expenses incurred in the repair and maintenance of property and equipment, or in checking or inspecting property and equipment in accordance with prescribed operational standards when such activities are not an incidental routine during the normal productive use of aircraft. Such expenses shall be included in function 5400 Maintenance.

(c) This function shall not include expenses incurred in securing traffic, arranging aircraft space for traffic sold or in issuing documents confirming traffic sales and establishing the air carrier's responsibilities to provide air transportation. Such expenses shall be included in function 6700 Promotion and Sales. However, for purposes of this system of accounts, expenses attributable to the operation of airport traffic offices, excluding reservation centers, shall be included in this function. Expenses attributable to the operation of reservation or aircraft space control centers shall be included in function 6700 Promotion and Sales regardless of the location at which incurred.

(d) Group III air carriers shall further subdivide this function as follows:

6100 *Aircraft Servicing.*

a. This subfunction shall include the compensation of ground personnel and other expenses incurred on the ground incident

be included in function 6800 General and Administrative.

c. This subfunction shall include only those expenses attributable to the current air transport operations of the air carrier. Maintenance burden associated with capital projects of the air carrier, other than overhauls of airframes and aircraft engines, shall be allocated thereto in accordance with the provisions of section 2-9(b). Maintenance burden incurred in common with services to other companies and operating entities shall be allocated thereon on a pro rata basis unless such services are so infrequent in performance or small in volume as to result in no appreciable demands upon the air carrier's maintenance facilities. When overhauls of airframes or aircraft engines are as a consistent practice accounted for on an accrual basis instead of expensed directly, maintenance burden shall be allocated thereto on a pro rata basis. Standard burden rates may be employed for quarterly allocations of maintenance burden provided the rates are reviewed at the close of each fiscal year, at least. When the actual burden rate for the year differs materially from the standard burden rate applied, adjustment shall be made to reflect the actual costs incurred for the full accounting year. Allocations of maintenance burden to capital projects, and service sales to others shall be effected through the individual maintenance burden objective accounts, except that the air carrier may effect such allocations by credits to profit and loss account 77 Uncleared Expense Credits under circumstances in which the use of that account will not undermine the significance of the individual maintenance burden objective accounts in terms of the expense levels associated with the air carrier's air transport services. Maintenance burden allocated to overhauls shall be credited to profit and loss subaccounts 5372.2 or 5372.7 Airworthiness Reserve Charges. Each air carrier shall file with the Civil Aeronautics Board a statement, as a supplement to the Form 41 report, in which procedures followed in allocating maintenance burden between current transport services, overhauls, capital projects and outside services are fully explained. Revisions in such allocations shall not be made effective without written notice to the Civil Aeronautics Board.

5500 *Passenger Service.*

This function shall include all expenses chargeable directly to activities contributing to the comfort, safety and convenience of passengers while in flight and when flights are interrupted. It shall not include expenses incurred in enplaning or deplaning passengers, or in securing and selling for passengers transportation and caring for passengers prior to entering a flight status. Such

uting to operating functions generally shall be included in this function.

7000 Depreciation and Amortization.

This function shall include all charges to expense to record losses suffered through current exhaustion of the serviceability of property and equipment due to wear and tear from use and the action of time and the elements, which are not replaced by current repairs, as well as losses in serviceability occasioned by obsolescence, supersession, discoveries, change in popular demand or action by public authority. It shall also include charges for the amortization of capitalized developmental and preoperating costs, and other intangible assets applicable to the performance of air transportation. (See section 5-5 and section 6-1830 and 1880.)

chasing activities, representation at law, and other general operational administration, which are not directly applicable to a particular function.

(b) This function shall not include expenses incurred directly in promoting traffic or in promoting relations of the air carrier generally with the public which shall be included in function 6700 Promotion and Sales. Nor shall this function include expenses, regularly applicable in large part to a specific function, which contribute only incidentally, or in small amount, to various other functions. Such expenses when of such size as will not distort the function to which predominantly related, shall be included in the specific function to which regularly related. However, expenses of a general administrative character and of significant amount regularly contrib-

Section 12—Objective Classification—Operating Revenues

00 General Instructions.

(a) The objective accounts established in this section are prescribed for all air carrier groups. Each air carrier shall credit the gross revenues accruing from services ordinarily associated with air transportation or its incidental services, to the appropriate account established for each revenue source. Expenses incidental to transport services from which revenue is earned shall not be charged to the related revenue account. However, direct costs of forwarding traffic as a result of interrupted trips, and refunds of sales, shall be charged to the applicable revenue account.

(b) Revenues accruing from transactions conducted in foreign currencies shall be credited to the applicable objective accounts at the United States dollar equivalent, at currently realizable, or officially prescribed rates of exchange, of foreign currencies received or due the air carrier from sales. (See section 2-3.)

(c) Expenses directly associated with the performance of incidental services shall be charged to the applicable incidental revenue account. (See section 9-4600.) Except as provided in operating expense objective account 77 Uncleared Expense Credits, all expenses allocated to incidental services shall be cleared by appropriate credits to the applicable operating expense objective accounts.

01 Passenger.

(a) Record here revenue from the transportation of passengers by air including infants transported at reduced fares, berth charges, surcharges for premium services and other similar charges. Service charges for persons travelling on a nonrevenue basis shall be recorded in objective account 19 Other Operating Revenues.

(b) This account shall be subdivided as follows by all air carrier groups:

01.1 Passenger—First Class.

Record here revenue from the transportation of passengers moving at either standard fares or premium fares, or at reduced fares not predicated upon the use of aircraft space specifically separated from first class, and for whom standard or premium quality services are provided.

01.2 Passenger—Coach.

Record here revenue from the air transportation of passengers moving at special fares reduced from the first class or premium fares which are predicated upon both the operation of specifically designated aircraft space and a reduction in the quality of service regularly and ordinarily provided.

02 United States Mail.

(a) Record here revenue from the transportation by air of United States mail at service mail rates established by the Civil Aeronautics Board.

(b) Fines and penalties imposed by the United States Government in connection with the carriage of mail shall not be charged to this account but to profit and loss account 89 Miscellaneous Nonoperating Debits.

(c) This account shall be subdivided as follows by all air carrier groups:

02.1 Priority.

Record here revenue from mail bearing postage at rates established specifically for air mail service or mail moving at service transportation rates equivalent to those established for mail bearing the full air mail postage.

02.2 Nonpriority.

Record here revenue from mail moving at service transportation rates lower than those established for mail bearing postage established specifically for air mail service.

03 Foreign Mail.

(a) Record here revenue from the transportation by air of mail other than United States mail.

(b) Fines and penalties imposed by foreign governments shall not be charged to this account but to profit and loss account 89 Miscellaneous Nonoperating Debits.

06 Property.

(a) Record here revenue from the transportation by air of property including excess passenger baggage.

(b) Revenues resulting from services incidental to the transportation services such as collection of shipper's interest insurance premiums and charges and fees for service such as pick-up and delivery, assembly and distribution, storage and handling, and C.O.D. collection shall not be credited to this account but to profit and loss account 17 Air Cargo Services.

(c) This account shall be subdivided as follows by all air carrier groups:

06.1 Express.

Record here revenue from the transportation by air of express as defined in tariffs filed with the Civil Aeronautics Board.

06.2 Freight.

Record here revenue from the transportation by air of property other than express and passenger baggage.

06.3 Excess Passenger Baggage.

Record here revenue from the transportation by air of passenger baggage in excess of fixed free weight.

07 Charter and Special.

(a) Record here the revenue from nonscheduled air transport services (except as otherwise required by profit and loss Account 86 Income from Nontransport Ventures) where the party receiving the transportation obtains exclusive use of an aircraft at either published tariff or other contractual rates and the remuneration paid by the party receiving transportation accrues directly to, and the responsibility for providing transportation is that of, the accounting air carrier. This account shall also include revenues from air transport services other than inter-airport services, whether scheduled or nonscheduled, where each passenger or shipment receiving transportation is individually documented and does not obtain exclusive use of an aircraft.

(b) This account shall not include revenues or fees received from other air carriers for flight facilities furnished or operated by the accounting air carrier where the remuneration paid by the party receiving transportation accrues directly to, and the responsibility for providing transportation is that of, other air carriers. Such revenues and related expenses shall be included in profit and loss account 11 Rents, 13 Interchange Sales—Associated Companies, 15 Interchange Sales—Outside, or 18 Other Incidental Revenues, as appropriate.

(c) This account shall be subdivided as follows by all air carrier groups:

07.1 Passenger.

Record here revenue from the transportation of passengers and their personal baggage at rates set forth in passenger charter tariffs.

07.2 Property.

Record here revenue from the transportation of property at rates set forth in prop-

erty charter tariffs and revenue from the transportation of passengers and property simultaneously at rates set forth in mixed passenger and property charter tariffs.

08 Section 406 Subsidy.

Record here amounts of compensation fixed pursuant to section 406(b) of the Federal Aviation Act which exceed amounts accruing to the air carrier under service mail rates established by the Civil Aeronautics Board for the carriage of United States mail.

09 Foreign Exchange Fluctuation Adjustments.

Record here gains or losses from transactions involving currency conversions resulting from normal, routine, day-to-day fluctuations in rates of foreign exchange in accordance with provisions of section 2-3. Gains or losses of a nonroutine abnormal character shall not be entered in this account but in profit and loss account 85 Foreign Exchange Adjustments.

10 Hotel, Restaurant and Food Service.

(a) Record here revenues from and expenses related to the operation of hotels and restaurants and similar facilities, and from sales of food. (See section 13-51.)

(b) This account shall be subdivided as follows by all air carrier groups:

10.1 Gross Revenues.

10.2 Depreciation Expense.

10.3 Other Expenses.

11 Rents.

(a) Record here revenues from and expenses related to property and equipment owned or leased which has been rented or subleased to others exclusive of associated companies. This account shall not include fees from the use by others of air carrier aircraft under aircraft interchange agreements.

(b) This account shall be subdivided as follows by all air carrier groups:

11.1 Gross Revenues.

11.2 Depreciation Expense.

11.3 Other Expenses.

12 Limousine Service.

(a) Record here revenues from and expenses related to the operation of passenger limousine surface transportation services.

(b) This account shall be subdivided as follows by all air carrier groups:

12.1 Gross Revenues.

12.2 Depreciation Expense.

12.3 Other Expenses.

13 Interchange Sales—Associated Companies.

(a) Record here the revenues or fees from and the expenses related to services provided associated companies by the air carrier under aircraft interchange agreements. This account shall be charged and the applicable operating expense objective accounts shall be credited, except as provided in operating expense objective account 77 Uncleared Expense Credits, with the expenses attaching to services provided associated companies under aircraft interchange agreements.

(b) This account shall not include revenues or expenses related to air transportation services performed in the name of and for the account of the accounting air carrier. Such revenues shall be included in applicable transport revenue and operating expense objective accounts.

(c) This account shall be subdivided as follows by all air carrier groups:

13.1 Gross Revenues.

13.2 Depreciation Expense.

13.3 Other Expenses.

14 General Service Sales—Associated Companies.

(a) Record here the revenues, commissions or fees from and expenses related to other than air transportation and aircraft interchange services provided associated companies by the air carrier. This account shall include the contractual fees or other revenues from and expenses related to services provided associated companies in the operation of facilities which are used jointly with associated companies, as well as revenues from and the costs related to the sale of supplies, parts and repairs sold directly or furnished as a part of services to associated companies.

(b) This account shall not include consideration received from sales of property, equipment, materials or supplies when disposed of as a part of a program involving retirement of property and equipment as opposed to routine sales and services to associated companies unless such disposition is conducted as a normal part of the incidental sales activity. Such retirement gains or losses shall be included in capital gains

and losses accounts. Maintenance parts, materials or supplies sold as a service to associated companies shall be charged to this account at cost without adjustment of related obsolescence or depreciation reserves.

(c) This account shall be subdivided as follows by all air carrier groups:

14.1 Gross Revenues.

14.2 Depreciation Expense.

14.3 Other Expenses.

15 Interchange Sales—Outside.

(a) Record here the revenues or fees from and the expenses related to services provided other than associated companies by the air carrier under aircraft interchange agreements. This account shall be charged and the applicable operating expense objective accounts shall be credited, except as provided in operating expense objective account 77 Uncleared Expense Credits, with the expenses attaching to services provided other than associated companies under aircraft interchange agreements.

(b) This account shall not include revenues or expenses related to air transportation services performed in the name of and for the account of the accounting air carrier. Such revenues and expenses shall be included in applicable transport revenue and operating expense objective accounts.

(c) This account shall be subdivided as follows by all air carrier groups:

15.1 Gross Revenues.

15.2 Depreciation Expense.

15.3 Other Expenses.

16 General Service Sales—Outside.

(a) Record here the gross revenues, commissions or fees from and expenses related to other than air transportation and aircraft interchange services provided to other than associated companies by the air carrier. This account shall include the contractual fees or other revenues from and expenses related to services provided to other than associated companies in the operation of facilities which are used jointly with others, as well as revenues from and the costs related to the sale of supplies, parts and repairs sold directly or furnished as a part of services to others.

(b) This account shall not include consideration received from sales of property, equipment, materials or supplies when disposed of as a part of a

program involving retirement of property and equipment as opposed to routine sales and services to others unless such disposition is conducted as a normal part of the incidental sales activity. Such retirement gain or loss shall be included in capital gains and losses accounts. Maintenance parts, materials or supplies sold as a service to others shall be charged to this account at cost without adjustment of related obsolescence or depreciation reserves.

(c) This account shall be subdivided as follows by all air carrier groups:

- 16.1 Gross Revenues.
- 16.2 Depreciation Expense.
- 16.3 Other Expenses.

17 Air Cargo Services.

(a) Record here fees and other revenues from and expenses related to incidental services performed in connection with cargo shipments such as pickup and delivery fees, shipper's interest insurance charges, storage and handling fees, etc.

(b) This account shall be subdivided as follows by all air carrier groups:

- 17.1 Gross Revenues.
- 17.2 Depreciation Expense.
- 17.3 Other Expenses.

18 Other Incidental Revenues.

(a) Record here revenues from and expenses related to incidental services not provided for in profit and loss accounts 10 through 17, inclusive, such as revenues and expenses incident to the operation of flight facilities by the accounting air carrier, except those operated under aircraft interchange agreements, where the remuneration paid by the party receiving transporta-

tion accrues directly to, and the responsibility for providing transportation is that of, other air carriers; and revenues and expenses incident to vending machines, parcel rooms, storage facilities, etc.

(b) This account shall include receipts and payments under agreements with other air carriers providing for mutual financial assistance in the case of work stoppages.

(c) Revenues from the renting or leasing of property and equipment to others shall not be included in this account but in profit and loss account 11 Rents.

(d) This account shall be subdivided as follows by all air carrier groups:

- 18.1 Gross Revenues.
- 18.2 Depreciation Expense.
- 18.3 Other Expenses.

19 Other Operating Revenues.

(a) Record here revenues associated with air transportation conducted by the air carrier, not provided for in profit and loss accounts 01 through 09, inclusive, such as revenue from service charges for failure to cancel or for late cancellation of air transportation reservations and revenue from nontransportation service charges collected on both revenue and nonrevenue flights.

(b) Revenues derived from sightseeing, aerial photography, advertising, or other special flights shall not be included in this account but in account 07 Charter and Special.

(c) This account shall be subdivided as follows by all air carrier groups:

- 19.1 Reservations Cancellation Fees.
- 19.9 Miscellaneous Operating Revenue.

Section 13—Objective Classification—Operating Expenses

00 General Instructions.

(a) Each element of expense ordinarily associated with air transportation services shall be charged to the accounts established in this section in accordance with the objectives served by each expenditure. Basic objective accounts, applicable to all air carrier groups, are established for recording all expense elements. These basic accounts are in certain areas subdivided to provide greater detail for indicated air carrier groups.

(b) To the end that the integrity of the prescribed objective accounts shall not be impaired, each air carrier shall: (1) charge the appropriate account prescribed for each service purchased or expense element incurred expressly for the benefit of the air carrier regardless of whether incurred directly by the air carrier or through an agent or other intermediary, and (2) except as provided in objective account 77 Uncleared Expense Credits, credit or charge, as appropriate, the account prescribed for each expense element which may be involved in distributions of expenses between (i) separate operating entities of the air carrier, (ii) incidental and transport services or transport functions, (iii) balance sheet and profit and loss elements and (iv) the air carrier and others, when the expenses are incurred initially by or for the benefit of the air carrier. At the option of the air carrier, standard rates applicable to each objective account comprising a particular pool of expenses subject to assignment between two or more activities, may be established for proration purposes, provided the rates established are predicated upon the experience of the air carrier and are reviewed and modified as appropriate at least once each year.

21 General Management Personnel.

Record here the compensation, including vacation and sick leave pay, of general officers and supervisors, and immediate assistants regardless of locality at which based, responsible for an activity not provided for in profit and loss accounts 25 through 35, inclusive, or an activity involving two or more such accounts.

23 Pilots and Copilots.

Record here the compensation, including vacation and sick leave pay, of pilots and copilots assigned or held inactive awaiting assignment to flight duty.

24 Other Flight Personnel.

Record here the compensation, including vacation and sick leave pay, of other flight personnel assigned or held inactive awaiting assignment to flight status, not responsible for the in-flight management of aircraft, such as engineers, navigation officers and cabin attendants.

25 Maintenance Labor.

(a) Record here the compensation for time of personnel spent directly on specific property and equipment maintenance projects. (See sections 10 and 11—5200.) Vacation and sick leave pay shall be charged to profit and loss account 28 Trainees, Instructors and Unallocated Shop Labor.

(b) This account shall be subdivided as follows:

GROUP II AND GROUP III AIR CARRIERS

25.1 Labor—Aircrafts.

Record here the direct labor expended upon aircrafts and spare parts related to aircrafts.

25.2 Labor—Aircraft Engines.

Record here the direct labor expended upon aircraft engines and spare parts related to aircraft engines.

25.3 Labor—Other Flight Equipment.

Record here the direct labor expended upon flight equipment (including instruments), other than aircrafts, aircraft engines and spare parts related to aircrafts and aircraft engines. Instruments shall include all gauges, meters, measuring devices, and indicators, together with appurtenances there-to for installation in aircraft and aircraft engines, which are maintained separately from aircrafts and aircraft engines.

GROUP I AIR CARRIERS

25.6 Labor—Flight Equipment.

Record here the direct labor expended upon flight equipment of all types and classes.

ALL AIR CARRIER GROUPS

25.9 Labor—Ground Property and Equipment.

Record here the direct labor expended upon ground property and equipment of all types and classes. Direct labor expended upon general ground properties shall be

charged to subfunction 5200 Direct Maintenance; and direct labor expended upon maintenance buildings and equipment shall be charged to subfunction 5300 Maintenance Burden.

26 Aircraft and Traffic Handling Personnel.

(a) Record here the compensation, including vacation and sick leave pay, of personnel of all types and classes, including direct supervisory personnel, assigned to ground activities, engaged directly in protecting and controlling aircraft in flight, scheduling and preparing flight crews for flight assignment, parking and servicing aircraft incidental to line operations, and of personnel of all types and classes engaged in servicing and handling traffic of all types and classes on the ground.

(b) This account shall be subdivided as follows by Group II and Group III air carriers:

26.1 General Aircraft and Traffic Handling Personnel.

Record here compensation of personnel handling or controlling aircraft and generally servicing or handling traffic of all types and classes whose activities are not identifiable with the particular activities provided for in subaccounts 26.2, 26.3 or 26.4, inclusive.

26.2 Aircraft Control Personnel.

Record here compensation of personnel whose activities are identifiable with the protection and control of aircraft in flight and in scheduling or preparing flight crews for flight assignment.

26.3 Passenger Handling Personnel.

Record here compensation of personnel whose activities are identifiable with the handling of passengers.

26.4 Cargo Handling Personnel.

Record here compensation of personnel whose activities are identifiable with the handling of passenger baggage, mail, express or freight.

28 Trainees, Instructors, and Unallocated Shop Labor.

(a) Record here the compensation, including vacation and sick leave pay, of instructors and personnel in an off-the-job training status; direct maintenance personnel compensation not assigned to specific projects; and vacation or sick leave pay of direct maintenance personnel.

profit and loss account 26 Aircraft and Traffic Handling Personnel.

34 Purchasing Personnel.

(a) Record here the compensation, including vacation and sick leave pay, of personnel, including direct supervisory personnel, engaged in purchasing activities.

(b) This account shall include compensation of personnel engaged in maintaining purchasing records but shall not include compensation of personnel responsible for the control of inventories or stores which shall be included in objective account 31 Record Keeping and Statistical Personnel. In cases where the responsibility for maintaining purchasing and stores records are inseparable, the related compensation may be accounted for in accordance with dominant responsibilities.

35 Other Personnel.

Record here the compensation, including vacation and sick leave pay, of personnel whose activities are not identifiable with activities provided for in profit and loss accounts 21 through 34, inclusive.

36 Personnel Expenses.

(a) Record here expenses incurred by officers, executives, directors and other personnel, whether for the benefit of the air carrier or for the private benefit of such persons, which are directly or indirectly borne by the air carrier.

(b) This account shall include allowances in lieu of expenses as well as expenses incurred for travel, lodgings, meals, entertainment of individuals or groups of individuals, and membership fees and dues in professional or social clubs and associations.

(c) Records shall be maintained in a conveniently accessible form which will separately and clearly document each charge to this account in terms of its natural characteristics and contribution to the performance of the air carrier's transport operations. The records shall be maintained in such manner as will identify specifically the persons incurring the cost and will facilitate the accumulation of costs to be reported on schedule G-42 of CAB Form 41. Costs for stand-by hotel or other facilities maintained for the air carrier's personnel generally, need not be allocated among the individuals using such facilities; however,

(b) This account shall be subdivided as follows by all air carrier groups:

28.1 Trainees and Instructors.

Record here the compensation of instructors and personnel in a training status.

28.2 Unallocated Shop Labor.

Record here the pay of direct maintenance personnel which has not been assigned to profit and loss account 25 Maintenance Labor for time spent on specific maintenance projects, and vacation or sick leave pay of direct maintenance personnel.

30 Communications Personnel.

Record here the compensation, including vacation and sick leave pay, of personnel of all types and classes, including direct supervisory personnel, engaged in local, interstation, or ground-air communications activities. This account shall include compensation of personnel such as radio operators, telephone operators, switchboard operators, teletype operators, messengers, etc.

31 Record Keeping and Statistical Personnel.

Record here the compensation, including vacation and sick leave pay, of personnel including supervisory personnel, whose primary duties relate to maintaining records or conducting economic or other analyses required for general management controls such as accountants, economists, statisticians, maintenance record clerks, stores record clerks, stores receiving and issuing clerks and file clerks. This account shall not include personnel engaged in documentation or other activities constituting an integral part of activities encompassed by other objective accounts.

32 Lawyers and Law Clerks.

Record here the compensation, including vacation and sick leave pay, of air carrier personnel engaged in law research or representing the air carrier in matters of law.

33 Traffic Solicitors.

Record here the compensation, including vacation and sick leave pay, of personnel engaged directly in solicitation of traffic of all types and classes. This account shall not include compensation of traffic office personnel engaged in soliciting activities incidental to the documenting of sales and assigning aircraft space which shall be included in

sufficiently detailed records are required to identify the use made of such facilities by each individual.

37 Communications Purchased.

Record here expenses, including related taxes, incurred for rental of communication services and for communication services of all types and classes not provided by personnel of the air carrier, such as telegraph, telephone, teletype, private line services, and charges for communication services from organizations operated jointly with associated companies or others.

38 Light, Heat, Power and Water.

Record here charges related to the provision of light, heat, power and water, including related taxes.

39 Traffic Commissions.

(a) Record here charges by others, including associated companies, for commissions arising from sales of transportation. Commissions, fees or other charges incurred for general agency services, as opposed to commissions arising from sales of transportation, shall not be included in this account but in profit and loss account 42 General Services Purchased—Associated Companies or profit and loss account 43 General Services Purchased—Outside, as appropriate.

(b) This account shall be subdivided as follows by Group II and Group III air carriers:

39.1 Commissions—Passenger.

Record here charges for commissions arising from sales of passenger transportation.

39.2 Commissions—Property.

Record here charges for commissions arising from sales of nonpassenger transportation.

40 Legal Fees and Expenses.

Record here expenditures incurred for legal services by counsel retained on a fee basis and related expenses reimbursed or borne directly by the air carrier and other expenses incurred directly by the air carrier for legal supplies not obtainable from the air carrier's general stationery stock. This account shall not be charged with legal fees or expenses incurred in connection with claims occasioned by accidents or other casualties. Such charges shall be accumulated in balance sheet account 1890 Other De-

ferred Charges and cleared to profit and loss account 58 Injuries, Loss and Damage upon settlement of insurance claims. Nor should this account include fees or expenses related to developmental projects. Such expenses shall be included as appropriate in profit and loss account 89 Miscellaneous Nonoperating Debits or balance sheet account 1830 Developmental and Preoperating Costs.

41 Professional and Technical Fees and Expenses.

Record here fees and expenses, other than legal fees and expenses, incurred for outside professional and technical services which are reimbursed or borne directly by the air carrier. This account shall not include fees or expenses related to developmental projects. Such expenses shall be included, as appropriate, in profit and loss account 89 Miscellaneous Nonoperating Debits or balance sheet account 1830 Developmental and Preoperating Costs.

42 General Services Purchased—Associated Companies.

(a) Record here charges for services performed for the air carrier by associated companies which are not identifiable with services provided for in profit and loss accounts 37 through 41, inclusive, or which are not expressly identifiable with other objective expense accounts.

(b) Charges from associated companies for services provided the air carrier under aircraft interchange agreements or other agreements embracing a complete activity or service such as the operation of jointly used ground facilities, shall be included in this account for each operating function to which the services contribute. Charges for providing aircraft capacity including charges for depreciation and interest on the capital related to the flight equipment provided shall be included in function 5100 Flying Operations.

(c) This account shall be subdivided as follows by each air carrier group:

GROUP II AND GROUP III AIR CARRIERS

42.1 Airframe Repairs—Associated Companies.

Record here charges by associated companies for maintenance or repair of airframes and spare parts related to airframes owned or leased by the air carrier. Charges by associated companies for maintenance of

airframes provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 42.7 Aircraft Interchange Charges—Associated Companies.

42.2 Aircraft Engine Repairs—Associated Companies.

Record here charges by associated companies for maintenance or repair of aircraft engines including spare parts related to aircraft engines owned or leased by the air carrier. Charges by associated companies for maintenance of aircraft engines provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 42.7 Aircraft Interchange Charges—Associated Companies.

42.3 Other Flight Equipment Repairs—Associated Companies.

Record here charges by associated companies for maintenance or repair of flight equipment (including instruments) owned or leased by the air carrier, other than airframes, aircraft engines, and spare parts related to airframes and aircraft engines. Instruments shall include all gauges, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines, which are maintained separately from airframes and aircraft engines. Charges by associated companies for maintenance of flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 42.7 Aircraft Interchange Charges—Associated Companies.

GROUP I AIR CARRIERS

42.6 Flight Equipment Repairs—Associated Companies.

Record here charges by associated companies for maintenance or repair of flight equipment of all types and classes owned or leased by the air carrier. Charges by associated companies for maintenance of flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 42.7 Aircraft Interchange Charges—Associated Companies.

ALL AIR CARRIER GROUPS

42.7 Aircraft Interchange Charges—Associated Companies.

Record here charges by associated companies for providing aircraft capacity or services related to the direct operation or maintenance of flight equipment under aircraft interchange agreements.

42.8 General Interchange Service Charges—Associated Companies.

Record here charges by associated companies for services provided the air carrier under aircraft interchange agreements, other

than charges related to the direct operation or maintenance of flight equipment, including all charges for maintenance and repair of ground properties, as well as fees or charges for traffic solicitation and sales, or supervision and administration covered by the aircraft interchange agreements. Charges for depreciation or interest on capital related to flight equipment provided under interchange agreements shall not be included in this subaccount but in subaccount 42.7 Aircraft Interchange Charges—Associated Companies.

42.9 Other Services—Associated Companies.

a. Record here charges for services performed by associated companies not provided for elsewhere.

b. This subaccount shall include only those charges for services, not provided for in profit and loss accounts 37 to 41, inclusive, and subaccounts 42.1 to 42.8, inclusive, embracing a complete activity or service provided by associated companies, such as the operation of traffic offices or other facilities used jointly with the air carrier, which do not represent reimbursement of specific expense elements incurred expressly for the benefit of the air carrier. Reimbursement of the air carrier shall be entered in appropriate personnel compensation or other objective expense accounts. The cost of services received in the repair of general ground properties shall be charged to subfunction 5200 Direct Maintenance; and services received in the repair of maintenance buildings and equipment shall be charged to subfunction 5300 Maintenance Burden.

43 General Services Purchased—Outside.

(a) Record here charges for services performed for the air carrier by other than associated companies which are not identifiable with services provided for in profit and loss accounts 37 through 41, inclusive, or which are not expressly identified with other objective expense accounts.

(b) Charges from others for services provided the air carrier under aircraft interchange agreements or other agreements embracing a complete activity or service, such as the operating of jointly used ground facilities, shall be included in this account for each operating function to which the services contribute. Charges for providing aircraft capacity, including charges for depreciation and interest on the capital related to the flight equipment provided, shall be included in function 5100 Flying Operations.

(c) This account shall be subdivided by each air carrier group, as follows:

GROUP II AND GROUP III AIR CARRIERS

43.1 Airframe Repairs—Outside.

Record here charges for maintenance or repair of airframes and spare parts related to airframes owned or leased by the air carrier. Charges by others for maintenance of airframes provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges—Outside.

43.2 Aircraft Engine Repairs—Outside.

Record here charges for maintenance or repair of aircraft engines, including spare parts related to aircraft engines owned or leased by the air carrier. Charges by others for maintenance of aircraft engines provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges—Outside.

43.3 Other Flight Equipment Repairs—Outside.

Record here charges for maintenance or repair of flight equipment (including instruments) owned or leased by the air carrier, other than airframes, aircraft engines, and spare parts related to airframes and aircraft engines. Instruments shall include all gauges, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines, which are maintained separately from airframes and aircraft engines. Charges by others for maintenance of flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges—Outside.

GROUP I AIR CARRIERS

43.6 Flight Equipment Repairs—Outside.

Record here charges for maintenance or repair of flight equipment of all types and classes owned or leased by the air carrier. Charges by others for maintenance of flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges—Outside.

ALL AIR CARRIER GROUPS

43.7 Aircraft Interchange Charges—Outside.

Record here charges by other than associated companies for providing aircraft capacity or services related to the direct operation or maintenance of flight equipment under aircraft interchange agreements.

43.8 General Interchange Service Charges—Outside.

Record here charges by others, except associated companies, for services provided the

55 Insurance—General.

(a) Record here provisions for self-insurance and the cost of purchased public liability and property damage and all other general insurance except insurance covering liability for injuries, loss and damage to passengers and cargo, and insurance carried for the protection or welfare of employees.

(b) This account shall be subdivided as follows by all air carrier groups:

55.1 Insurance Purchased.

Record here the cost of all purchased insurance properly chargeable to this account.

55.2 Provisions for Self-Insurance.

Record here provisions for self-insurance against general risks, to be borne by the air carrier and properly chargeable to this account.

56 Insurance—Traffic Liability.

Record here the cost of purchased insurance and provisions for self-insurance covering liability for injuries, loss and damage to passengers and cargo.

57 Insurance—Employee Welfare.

Record here the cost of purchased insurance and provisions for self-insurance covering liability for the benefit or protection of employees, and contributions of the air carrier to employee pension or other welfare plans.

58 Injuries, Loss and Damage.

Record here the remainder of gains, losses or costs resulting from accidents, casualties or mishandlings, after offsetting insurance recoveries, as accumulated until finally determined, in balance sheet account 1890 Other Deferred Charges. This account shall not include gains or losses from retirement of property and equipment resulting from casualties. Such gains or losses shall be recorded in appropriate capital gains or losses accounts.

59 Tariffs, Schedules and Timetables.

Record here the production and distribution cost, excluding compensation of air carrier personnel, of all tariffs, operating schedules, timetables, circulars and related quick reference charts.

60 Advertising.

Record here the cost, excluding compensation of air carrier personnel, of all space, direct mail, spot and other adver-

of ground property and equipment of all types and classes. The cost of materials and supplies consumed in the repair of general ground property shall be charged to subfunction 5200 Direct Maintenance and materials and supplies consumed in the repair of maintenance buildings and equipment shall be charged to subfunction 5300 Maintenance Burden.

49 Shop and Servicing Supplies.

Record here the cost of supplies and expendable small tools and equipment used in maintaining, servicing and cleaning property or equipment the cost of which cannot be directly assigned to a specific job or type of work.

50 Stationery, Printing and Office Supplies.

Record here the cost of stationery and forms used by the air carrier including the cost of engineering and shipping supplies.

51 Passenger Food Expense.

(a) Record here the cost of food and refreshments served passengers except food costs arising from interrupted trips.

(b) If the air carrier prepares its own food, the initial cost and expenses incurred in the preparation thereof shall be accumulated in a clearly identified clearing account through which the cost of food shall be cleared to this account, to profit and loss account 36 Personnel Expenses, and to profit and loss account 10 Hotel, Restaurant and Food Service on bases which appropriately allocate the cost of food served passengers, without charge and the cost of food sold.

53 Other Supplies.

Record here the cost of supplies consumed and not provided for otherwise.

54 Inventory Adjustments.

Record here adjustments for overage, shortage or shrinkage of inventories carried in balance sheet accounts 1310 Flight Equipment Expendable Parts and 1330 Miscellaneous Materials and Supplies. Adjustment of aircraft fuel and oil inventories shall not be included in this account but in profit and loss account 45 Aircraft Fuels and Oils. Gains or losses from retirements of materials and supplies shall not be recorded in this account but in profit and loss account 81 Capital Gains and Losses.

and maintenance services and non-refundable fuel and oil taxes shall not be included in this account but in profit and loss accounts 49 Shop and Servicing Supplies and 69 Taxes—Other than Payroll, respectively.

(b) This account shall be subdivided as follows by Group II and Group III air carriers:

45.1 Aircraft Fuels.

Record here the cost of fuels used in flight operations.

45.2 Aircraft Oils.

Record here the cost of oils used in flight operations.

46 Maintenance Materials.

(a) Record here the cost of materials and supplies consumed directly in specific property and equipment maintenance projects.

(b) This account shall be subdivided as follows:

GROUP II AND GROUP III AIR CARRIERS

46.1 Materials—Airframes.

Record here the cost of materials and supplies consumed directly in maintenance of airframes and spare parts related to airframes.

46.2 Materials—Aircraft Engines.

Record here the cost of materials and supplies consumed directly in maintenance of aircraft engines and spare parts related to aircraft engines.

46.3 Materials—Other Flight Equipment.

Record here the cost of materials and supplies consumed directly in maintenance of flight equipment (including instruments) other than airframes and aircraft engines, or spare parts related to airframes and aircraft engines. Instruments shall include all gauges, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines, which are maintained separately from airframes and aircraft engines.

GROUP I AIR CARRIERS

46.6 Materials—Flight Equipment.

Record here the cost of materials and supplies consumed directly in the maintenance of flight equipment of all types and classes.

ALL AIR CARRIER GROUPS

46.9 Materials—Ground Property and Equipment.

Record here the cost of materials and supplies consumed directly in the maintenance

air carrier under aircraft interchange agreements, other than charges related to the direct operation or maintenance of flight equipment, including all charges for maintenance and repair of ground properties, as well as fees or charges for traffic solicitation and sales, or supervision and administration covered by the aircraft interchange agreements. Charges for depreciation or interest on capital related to flight equipment provided under interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges—Outside.

43.9 Other Services—Outside.

Record here charges for maintenance and repair of ground property and equipment of all types and classes and other charges for services performed by others not provided for elsewhere. This subaccount shall include only those charges for services not provided for elsewhere in profit and loss accounts 37 to 43 embracing a complete activity or service provided by other than associated companies such as the operation of traffic offices or other facilities used jointly with the air carrier which do not represent reimbursement of specific expense elements incurred expressly for the benefit of the air carrier. Reimbursement of expenses incurred expressly for the benefit of the air carrier shall be entered in appropriate personnel compensation or other objective expense accounts. The cost of services received in the repair of general ground properties shall be charged to subfunction 5200 Direct Maintenance; and services received in the repair of maintenance buildings and equipment shall be charged to subfunction 5300 Maintenance Burden.

44 Rentals and Landing Fees.

(a) Record here rentals, fees, or charges incurred in the use of property and equipment provided by others and for the landing or storing of aircraft.

(b) This account shall be subdivided as follows by all air carrier groups:

44.1 Rentals.

Record here charges for use of property and equipment.

44.2 Landing Fees.

Record here aircraft landing charges and fees.

45 Aircraft Fuels and Oils.

(a) Record here the cost of fuels and oils issued from stocks of the air carrier, or delivered directly by others, to aircraft, for use in flight operations. Adjustments of inventories of aircraft fuel and oil shall also be entered in this account. The cost of fuels and oils used in repairs

- 69 **Taxes—Other Than Payroll.**
(a) Record here all taxes levied against the air carrier not otherwise provided for including nonrefundable aircraft fuel and oil taxes. Interest and penalties on delinquent taxes shall not be charged to this account but to profit and loss accounts 87 Interest Expense and 89 Miscellaneous Nonoperating Debits, respectively.
(b) Entries to this account shall clearly reveal each kind of tax and the governmental agency to which paid or payable.
- 70 **Other Expenses.**
Record here all expenses ordinarily associated with air transportation and its incidental services not provided for otherwise.
- 71 **Flight Equipment Airworthiness Provisions.**
(a) Record here provisions for effecting an equitable distribution of airframe and aircraft engine overhaul costs between different accounting periods and credits for overhaul costs currently incurred. (See section 5-4 (f) and (g) for applicable policy.)
(b) This account shall be subdivided as follows by all air carrier groups:
72.1 *Airworthiness Reserve Provisions—Airframes.*
Record here current provisions for effecting an equitable distribution of airframe overhaul costs between different accounting periods.
72.2 *Airworthiness Reserve Charges—Airframes (Credit).*
Record here credits for airframe overhaul costs incurred in the current period which have been charged against related airworthiness reserves.
72.3 *Airworthiness Reserve Provisions—Aircraft Engines.*
Record here current provisions for effecting an equitable distribution of aircraft engine overhaul costs between different accounting periods.
72.4 *Airworthiness Reserve Charges—Aircraft Engines (Credit).*
Record here credits for aircraft engine overhaul costs incurred in the current period which have been charged against related airworthiness reserves.
- 62 **Other Promotional and Publicity Expenses.**
Record here the costs, excluding compensation of air carrier personnel, of producing and distributing publicity releases and other expenses, not chargeable to profit and loss accounts 59 and 60, incurred for the purpose of publicizing or improving the public relations of the air carrier generally.
- 63 **Interrupted Trips Expense.**
Record here expenses allowed or paid for the care and serving of passengers because of unscheduled interruptions in passenger journeys. Transportation re-funds and the cost of forwarding traffic by surface common carrier or otherwise as a result of such interruptions shall not be charged to this account but to the appropriate operating revenue account.
- 64 **Memberships.**
Record here the cost of membership dues in trade associations, chambers of commerce, or other business associations and organizations together with special assessments related thereto.
- 65 **Corporate and Fiscal Expenses.**
Record here corporate and fiscal fees and expenses of the air carrier and all expenses in connection with exchange and transfer of capital stock excluding expenses in connection with original issuance of capital stock.
- 66 **Uncollectible Accounts.**
Record here losses from uncollectible accounts and reserve provisions and adjustments thereto, for such losses. When reserves for uncollectible accounts are established, losses as realized shall be charged against such reserves and shall not be charged to this account.
- 67 **Clearance, Customs and Duties.**
Record here clearance, customs, duties and brokerage fees and charges applicable to clearing aircraft and traffic.
- 68 **Taxes—Payroll.**
Record here all taxes levied against the air carrier based upon or directly relating to compensation of personnel.
- 73 **Provisions for Obsolescence and Depreciation—Expendable Parts.**
(a) Where reserves for loss in value of flight equipment expendable parts are established, provisions for accruals to such reserves shall be charged to this account 1311 Obsolescence and Depreciation Reserves—Expendable Parts in accordance with the provisions of that account.
(b) This account shall be subdivided as follows by all air carrier groups:
73.1 *Current Provisions.*
Record here provisions during the current period for losses in value of expendable parts.
73.2 *Inventory Decline Credits.*
Record here credits applicable to the current period for any adjustments for excess inventory reserve levels determined pursuant to section 6-1311.
- 74 **Amortization.**
(a) Record here amortization of deferred charges attaching to the air transportation services conducted by the air carrier which are not prepayments of recurrent expenses ordinarily requiring expenditures of working capital within one year.
(b) This account shall be subdivided as follows by all air carrier groups:
74.1 *Developmental and Preoperating Expenses.*
Record here amortization of the cost of projects carried in balance sheet account 1830 Developmental and Preoperating Costs as approved or directed by the Civil Aeronautics Board.
74.2 *Other Intangibles.*
Record here amortization of the cost of intangibles not provided for otherwise as approved or directed by the Civil Aeronautics Board.
- 75 **Depreciation.**
(a) Record here provisions for depreciation of property and equipment carried in balance sheet account 1601 through 1640, inclusive.
(b) This account shall be subdivided as follows:
ALL AIR CARRIER GROUPS
75.1 *Depreciation—Airframes.*
Record here provisions for depreciation of property and equipment carried in balance sheet account 1601 Airframes.
75.2 *Depreciation—Aircraft Engines.*
Record here provisions for depreciation of property and equipment carried in balance sheet account 1602 Aircraft Engines.
75.3 *Depreciation—Airframe Parts.*
Record here provisions for depreciation of spare airframe instruments and parts carried in balance sheet subaccount 1608.1 Airframe Parts and Assemblies.
75.4 *Depreciation—Aircraft Engine Parts.*
Record here provisions for depreciation of spare aircraft engine instruments and parts carried in balance sheet subaccount 1608.5 Aircraft Engine Parts and Assemblies.
ALL AIR CARRIER GROUPS
75.5 *Depreciation—Other Flight Equipment.*
Record here provisions for depreciation of property and equipment and parts carried in balance sheet accounts 1603 Aircraft Propellers, 1604 Aircraft Communications and Navigational Equipment, 1606 Miscellaneous Flight Equipment, 1607 Improvements to Leased Flight Equipment (exclusive of capitalized overhauls of leased flight equipment for which airworthiness reserves are maintained) and balance sheet subaccount 1608.9 Other Parts and Assemblies. Group I air carriers shall also include in this subaccount provisions for depreciation of property carried in balance sheet account 1608 Flight Equipment Rotable Parts and Assemblies.
75.6 *Depreciation—Flight Equipment.*
This classification is established only for purposes of control by the Civil Aeronautics Board and shall include all charges to operating expenses for depreciation of flight equipment of all types and classes.
75.7 *Depreciation—Maintenance Equipment and Hangars.*
Record here provisions for depreciation of property and equipment carried in balance sheet account 1634, Maintenance and Engineering Equipment and balance sheet subaccount 1640.1 Maintenance Buildings and Improvements.
75.8 *Depreciation—General Ground Property.*
Record here provisions for depreciation of property and equipment carried in balance sheet accounts 1630 through 1640, other than account 1634, Maintenance and Engineering Equipment and subaccount 1640.1, Maintenance Buildings and Improvements.
- 77 **Uncleared Expense Credits.**
(a) Record here credits to operating expenses, which have not been cleared to the objective accounts to which applicable.

Section 14—Objective Classification—Nonoperating Income and Expense

(d) This account shall be subdivided as follows by all air carrier groups:

77.8 *Uncleared Interchange Expense Credits.*

Record here credits to operating expenses, from operations performed for others under aircraft interchange agreements, which have not been cleared to the objective accounts to which applicable.

77.9 *Other Uncleared Expense Credits.*

Record here credits to operating expenses, from other than operations under aircraft interchange agreements, which have not been cleared to the objective accounts to which applicable.

78 *Direct Maintenance—Flight Equipment.*

This classification is established for purposes of control by the Civil Aeronautics Board and shall include all charges to operating expenses for maintenance of flight equipment of all types and classes.

79 *Applied Burden Debit/Credit.*

(a) This classification is established only for purposes of control by the Civil Aeronautics Board and reporting on Form 41 by air carriers, and shall reflect all maintenance burden applied in accordance with the provisions of section 24, schedule P-5 of this system of accounts and reports.

(b) This classification shall be subdivided as follows by all air carrier groups:

79.6 *Applied Burden—Flight Equipment.*

79.8 *Applied Burden—General Ground Property.*

81.2 *Capital Gains and Losses—Other.*

Record here gains or losses on retirement of nonoperating property and equipment and investments in securities of others.

82 *Unapplied Cash Discounts.*

Record here cash discounts on routine purchases of materials, repair parts or supplies. Cash discounts on classes of assets included in property and equipment accounts shall not be recorded in this account but shall be applied as a reduction of the cost of such assets.

83 *Interest Income.*

(a) Record here interest income from all sources. This account shall include as an increase or reduction of interest received the proportionate amortization of any discount or premium on the purchase price of securities of others held by the air carrier.

(b) This account shall not include interest on securities issued or assumed by the air carrier and subsequently reacquired.

84 *Dividend Income.*

Record here income from dividends declared on stocks of other companies owned by the air carrier. Dividends on securities issued or assumed by the air carrier and subsequently reacquired shall not be included in this account.

85 *Foreign Exchange Adjustments.*

Record here gains or losses from transactions involving currency conversions resulting from nonroutine, unusual changes in rates of foreign exchange in accordance with provisions of section 2-3.

86 *Income from Nontransport Ventures.*

(a) Record here the gross revenues and expenses applicable to operations not reasonably considered as incidental to the commercial air transport services of the accounting entity; rents from nonoperating properties used by others; income or loss from nontransport divisions; and other income or loss from activities of the air carrier which are extraneous to the air transport and incidental services of the accounting entity.

(b) This account shall include revenues and expenses applicable to non-scheduled transport services performed for the defense establishment when and as separate reports for such services are

Section 14—Objective Classification—Nonoperating Income and Expense

80 *Interest Capitalized.*

(a) Record here credit amounts for interest capitalized pursuant to section 2-10 and charged to balance sheet accounts.

(b) This account shall be subdivided as follows:

80.1 *Interest Charged to Construction—Credit.*

Record here credits related to interest capitalized in balance sheet account 1689 Construction Work in Progress.

80.2 *Interest Charged to Development—Credit.*

Record here credits related to interest capitalized in balance sheet account 1830 Developmental and Preoperating Costs.

81 *Capital Gains and Losses.*

(a) Record here gains or losses on retirements of property and equipment, repair parts, supplies or materials, and investments in securities. This account shall not include gains or losses on debt securities issued by the air carrier which have been reacquired and cancelled or resold. Such gains or losses shall be recorded, as appropriate, in profit and loss account 88 Miscellaneous Nonoperating Credits or 89 Miscellaneous Nonoperating Debits. Gains or losses on reacquisition and retirement or resale of capital stock issued by the air carrier shall not be included in this account but in paid-in capital subaccount 2890.3 Other Capital Stock Transactions. Gains or losses from property carried in balance sheet account 1520 Advances to Nontransport Divisions shall be accounted for in books of nontransport divisions and treated by the air carrier as a part of quarterly profit and loss of nontransport divisions taken up through profit and loss account 86 Income from Nontransport Ventures.

(b) This account shall be subdivided as follows by all air carrier groups:

81.1 *Capital Gains and Losses—Operating Property.*

Record here gains or losses on retirements of operating property and equipment, flight equipment expendable parts, or miscellaneous materials and supplies sold or otherwise retired in connection with a general retirement program as opposed to incidental sales performed as a service to others.

(b) Each air carrier shall credit, or charge as appropriate, the objective account prescribed for each expense element which may be involved in distribution of expenses between separate reporting entities or nontransport divisions of the air carrier. At the option of the air carrier, either the individual applicable objective accounts or this account may be credited with amounts capitalized, charged against incidental services, or otherwise assigned to other than separate operating entities of the air carrier provided the aggregate credits to this account in each function do not, for any accounting year, distort the individual objective accounts of the function to which related and all expense credits applicable to complete individual transactions are consistently credited either to this account or the individual objective accounts to which related. Each air carrier using this account shall establish such standard practices as may be prescribed by the Civil Aeronautics Board or, in the absence of such action by the Civil Aeronautics Board, such standard practices as will prevent credits to this account from significantly distorting the individual objective accounts of each function to which related.

(c) This account shall not be credited with amounts applicable to objective accounts of the Flying Operations, Depreciation, and Direct Maintenance functions. Credits applicable to such functions shall be carried to the individual objective accounts to which applicable.

required in accordance with Section 21 Introduction to System of Reports. Where the foregoing transport services are not required to be separately reported, gross revenues from such services shall be included in profit and loss account 07 Charter and Special, or other appropriate revenue account, and gross expenses shall be included in the appropriate operating expense functions.

87 Interest and Debt Expense.

(a) Record here interest on all classes of debt, including interest on unpaid taxes; premium, discount and expense on short-term obligations; and amortizations of premium, discount and expense on short-term and long-term obligations.

(b) This account shall be subdivided as follows by all air carrier groups:

87.1 *Interest on Debt Principal.*

87.2 *Amortization of Discount and Expense on Debt.*

87.3 *Amortization of Premium on Debt.*

88 Miscellaneous Nonoperating Credits.
Record here all credits of a nonoperating character not provided for otherwise, such as royalties from patents, and gains from the reacquisition and retirement or resale of debt securities issued by the air carrier.

89 Miscellaneous Nonoperating Debits.
Record here all debits of a nonoperating character not provided for otherwise, such as fines or penalties imposed by governmental authorities; costs related to property held for future use; donations for charitable, social or community welfare purposes; and losses on reacquired and retired or resold debt securities of the air carrier. This account shall be charged with amortization of amounts carried in balance sheet account 1870 Property Acquisition Adjustment unless otherwise approved or directed by the Civil Aeronautics Board.

Section 15—Objective Classification—Income Taxes for Current Period

91 Normal Income Taxes and Surtaxes.
Record here proportionate quarterly provisions for accruals of Federal, state, local and foreign taxes based upon net income accruing under the normal tax and surtax rates and allocable to income of the current accounting year. This account shall include credits from the carryback of losses in the year in which the loss occurs. It shall also include adjustments of income taxes of prior years provided that inclusion will not distort net income of the current accounting year. Income taxes allocable to special income items and material income tax adjustments shall not be included in this account but in profit and loss account 97 Special Income Tax Credits and Debits (Net).

92 Provisions for Deferred Federal Income Taxes.

(a) Record here income tax debits and credits deferred in accordance with the provisions of balance sheet account 2340 Deferred Federal Income Taxes for those income elements specifically set forth in section 2-6(b).

(b) This account shall be subdivided as follows by all air carrier groups:

92.1 *Current Provisions for Deferred Taxes*

92.2 *Application of Taxes Deferred*

92.3 *Adjustment of Deferred Taxes*

95 Excess Profits Taxes.

Record here provisions for accruals, adjustments, or refunds of Federal, state, local and foreign taxes, over and above normal taxes and surtaxes, which are based upon income designated as excess net income for tax purposes.

Section 16—Objective Classification—Special Items

96 Special Income Credits and Debits (Net).

Record here extraordinary income credits or debits accounted for during the current accounting year, in accordance with the provisions of section 2-7. Records supporting entries to this account shall be maintained with sufficient particularity to identify the nature and gross amount of each special income credit and each special income debit.

97 Special Income Tax Credits and Debits (Net).

Record here income taxes allocable to items of income included in profit and loss account 96 Special Income Credits and Debits (Net) and other extraordinary income tax assessments that do not constitute ordinary adjustments of a current nature, in accordance with the provisions of section 2-7. Records supporting entries to this account shall be maintained with sufficient particularity to identify the nature and gross amount of each special credit and each special debit.

GENERAL REPORTING PROVISIONS

Section 21—Introduction to System of Reports

(a) Each air carrier subject to the Federal Aviation Act of 1958, as amended, shall file with the Civil Aeronautics Board, monthly, quarterly, and annual CAB Form 41 reports of financial and operating statistics as prescribed herein unless waiver is made by the Civil Aeronautics Board.

(b) The system prescribed provides for the submission by each air carrier of five classes of financial and operating statistics, on individual schedules of the CAB Form 41 report, grouped as follows:

- A. Certification.
- B. Balance Sheet Elements.
- P. Profit and Loss Elements.
- T. Traffic and Capacity Elements.
- G. General Corporate Elements.
- D. National Defense Elements.

(c) The prescribed system of reports provides that the frequency of reporting shall be monthly for some schedules, quarterly for some and annually for others. It also provides in some areas for the classification of air carriers into Group I, Group II and Group III with the form and content differentiated as between groups.

(d) Each schedule of the prescribed CAB Form 41 report has been assigned a specific code. The prefix alphabetical codes A, B, P, T, G, and D, respectively, have been employed to denote certification, balance sheet, profit and loss, traffic and capacity, general corporate, and national defense elements. The digits immediately following the alphabetical prefix designate the particular schedule.

(e) Each air carrier shall submit to the Office of Carrier Accounts and Statistics, Civil Aeronautics Board, Washington, D.C., four (4) copies of each schedule, except as hereinafter indicated in section 22 General Reporting Instructions. All schedules are set up in units of eight sheets each with snap-out interleaf carbons between sheets. The first sheet of each set is of white opaque paper and the second of white translucent paper. The third, fourth, and fifth sheets are of green opaque paper and the sixth, seventh, and eighth are of buff opaque paper. The data columns of the first sheet of certain schedules are separated by perforations to permit disassembly for clipboard statistical

processing. The remaining sheets are unperforated and are of a format which permits filing within binders designed for standard 8½" x 14" sheets. The four copies of each schedule filed with the Civil Aeronautics Board shall be comprised of the original white sheet and the three green sheets.

(f) Whenever practicable the sheets have been designed to permit machine tabulation. Upon approval by the Civil Aeronautics Board, the carrier may supply its own continuous-feed forms provided each schedule conforms with the specifications of the forms prescribed herein.

(g) A good quality black ribbon shall be used in preparing the original copy of each schedule submitted to the Civil Aeronautics Board. In no event shall ditto or similar processes be used nor shall any information be typed on the reverse side of copies submitted to the Civil Aeronautics Board.

(h) Conversion to this system of reports. Cumulative 12-month totals hereinafter prescribed in this system of reports are waived until report for the 12 months ended December 31, 1957, with respect to the following items:

Schedule number	Cumulative 12-month totals waived
P-1-----	Operating expense classifications 5100 through 7000, inclusive, and all items following Net Income Before Special Items.
P-3-----	All 12-month totals.
P-5-----	All 12-month totals.
P-7-----	All 12-month totals.
P-8-----	All 12-month totals.
T-1 and T-2	Items 016 and 017 revenue passengers carried and number of revenue passenger emplanements respectively, and item 664 Total Revenue Departures Performed.
T-3-----	Item 9681—aircraft days as signed to service—carrier routes; Item 9683—revenue hours per aircraft per day—carrier routes; and Item 9687 through 9978, inclusive.

(i) Separate entities shall be established for the purpose of submitting the reports hereinafter prescribed. As a general rule separate reports shall be made for entities comprised of: (1) domestic or combined domestic and Canadian transborder operations; (2) territorial or combined territorial and domestic operations; and (3) international or

combined international and territorial operations. With respect to the latter two general classifications, separate reporting entities shall be established for operations via the Atlantic or Pacific Oceans and within the Alaskan or Latin American areas. The reports to be submitted by each entity shall be comparable to those required of a distinct legal entity whether the reporting entity con-

stitutes such an entity, a semi-autonomous physically separated operating division of the air carrier, or an entity established for reporting purposes only. The application of the above general rule to be made by the different air carriers with regard to the entities for which separate reports shall be made is set forth below in the list entitled Air Carrier Reporting Entities.

AIR CARRIER REPORTING ENTITIES

Air carriers	Operations abbreviations
AA/ICO Airlines, Inc.	Dom-Cargo
Aerovias Sud Americana, Inc.	Int/Ter-Latin Amer
Alaska Airlines, Inc.	Ter/Dom-Alaska
Alaska Coastal Airlines	Dom-Special
Allegheny Airlines, Inc.	Dom-Local
Aloha Airlines, Inc.	Dom-Special
American Airlines, Inc.	Dom/Can-Trunk
Avalon Air Transport, Inc.	Int/Ter-Latin Amer
Braniff Air Lines, Inc.	Dom-Special
Braniff Airways, Inc.	Dom-Local
Capital Airlines, Inc.	Dom-Trunk
Caribbean-Atlantic Airlines, Inc.	Int/Ter-Latin Amer
Central Airlines, Inc.	Dom-Trunk
Chicago Helicopter Airways, Inc.	Dom-Local
Continental Air Lines, Inc.	Dom-Special
Cordova Airlines, Inc.	Dom-Trunk
Delta Air Lines, Inc.	Dom-Special
Eastern Air Lines, Inc.	Dom/Can-Trunk
Ellis Air Lines	Ter/Dom-Latin Amer
The Flying Tiger Line, Inc.	Int/Ter-Atlantic
Frontier Airlines, Inc.	Int/Ter-Latin Amer
Hawaiian Airlines, Inc.	Dom/Can-Special
Kodiak Airways, Inc.	Dom-Cargo
Lake Central Airlines, Inc.	Dom-Local
Los Angeles Airways, Inc.	Dom-Special
Mackey Airlines, Inc.	Dom-Local
Mohawk Airlines, Inc.	Dom-Special
National Airlines, Inc.	Dom-Local
New York Airways, Inc.	Dom-Trunk
North Central Airlines, Inc.	Int/Ter-Latin Amer
Northeast Airlines, Inc.	Dom-Special
Northern Consolidated Airlines, Inc.	Dom/Can-Local
Northwest Airlines, Inc.	Dom-Special
Ozark Air Lines, Inc.	Dom-Trunk
Pacific Air Lines, Inc.	Dom-Local
Pacific Northern Airlines, Inc.	Dom-Local
Pan American-Grace Airways, Inc.	Ter/Dom-Alaska
Pan American World Airways, Inc.	Int/Ter-Latin Amer
Piedmont Aviation, Inc.	Int/Ter-Atlantic
	Int/Ter-Pacific
	Dom-Local

AIR CARRIER REPORTING ENTITIES—Continued

Air carriers	Abbreviations	Operations
Reeve Aleutian Airways, Inc.	Dom-Special	Dom-Special
Resort Airlines, Inc.	Int/Ter-Latin Amer	Int/Ter-Latin Amer
Riddle Airlines, Inc.	Dom-Cargo	Dom-Cargo
Samoa Airlines Ltd.	Ter/Dom-Latin Amer	Ter/Dom-Latin Amer
Seaboard World Airlines, Inc.	Int/Ter-Pacific	Int/Ter-Pacific
Slick Airways, Inc.	Int/Ter-Atlantic	Int/Ter-Atlantic
Southern Airways, Inc.	Dom-Cargo	Dom-Cargo
South Pacific Air Lines	Dom-Local	Dom-Local
Transportation Corporation of America	Ter/Dom-Latin Amer	Ter/Dom-Latin Amer
Trans-Texas Airways	Dom-Local	Dom-Local
Trans World Airlines, Inc.	Dom-Trunk	Dom-Trunk
United Air Lines, Inc.	Int/Ter-Atlantic	Int/Ter-Atlantic
West Coast Airlines, Inc.	Dom/Can-Trunk	Dom/Can-Trunk
Western Air Lines, Inc.	Dom/Can-Local	Dom/Can-Local
Western Alaska Airlines, Inc.	Dom/Can-Trunk	Dom/Can-Trunk
Wien Alaska Airlines, Inc.	Dom-Special	Dom-Special

(j) As a general rule separate reports shall be filed for the air carrier and any associated company air carriers as defined in section 03. However, transactions of associated companies in which 100 percent equity control resides in the reporting air carrier shall be consolidated with transactions of the reporting air carrier when such associated companies perform services related to the transport operations of the reporting air carrier almost exclusively and are not engaged in air transportation for their own account.

(k) Generally, nonscheduled services shall be treated as an integral part of the reporting entity to which most closely related without regard to the geographic area in which such nonscheduled services may actually be performed. However, supplemental reports shall be made of nonscheduled services (including services for the defense establishment) in areas not encompassed by the prescribed reporting entity in any month in which the available ton-miles of such nonscheduled services exceed 5 percent of the total available ton-miles of the reporting entity. Such supplemental reports shall continue until waived by the Board upon a showing that such nonscheduled operations will not in the subsequent 12-month period exceed the 5 percent limit. The supplemental reports to be filed each month or calendar quarter, as applicable, shall be comprised of report schedules D-1, P-5, T-1, and T-3. Transport and nontransport revenues pertaining to such separately reported nonscheduled services shall be reflected on schedule P-2 each quarter with appropriate cross-references inserted on schedules P-3 and P-4, as applicable. In addition, airport activity data reported on the regular schedule T-4 shall be subdivided and appropriately identified at each airport for services encompassed by the prescribed reporting entity and for nonscheduled services not encompassed by the prescribed reporting entity.

(l) When and as required in the national interest, any air carrier which performs nonscheduled transport services for the defense establishment of the United States shall, when directed by the Board, make separate reports for such services as if they were conducted by a physically separated transport entity. Such reports shall consist of schedules P-1 through P-9, T-1 and T-3. The letter "D" shall be inserted on such reports following the schedule number of each P and T schedule. Where a carrier has more than one reporting entity, nonscheduled transport and nonscheduled defense services shall be assigned to the reporting entity to which more closely related.

(m) Generally, nonscheduled services shall be treated as an integral part of the reporting entity to which most closely related without regard to the geographic area in which such nonscheduled services may actually be performed. However, supplemental reports shall be made of nonscheduled services (including services for the defense establishment) in areas not encompassed by the prescribed reporting entity in any month in which the available ton-miles of such nonscheduled services exceed 5 percent of the total available ton-miles of the reporting entity. Such supplemental reports shall continue until waived by the Board upon a showing that such nonscheduled operations will not in the subsequent 12-month period exceed the 5 percent limit. The supplemental reports to be filed each month or calendar quarter, as applicable, shall be comprised of report schedules D-1, P-5, T-1, and T-3. Transport and nontransport revenues pertaining to such separately reported nonscheduled services shall be reflected on schedule P-2 each quarter with appropriate cross-references inserted on schedules P-3 and P-4, as applicable. In addition, airport activity data reported on the regular schedule T-4 shall be subdivided and appropriately identified at each airport for services encompassed by the prescribed reporting entity and for nonscheduled services not encompassed by the prescribed reporting entity.

Section 22—General Reporting Instructions

(a) The CAB Form 41 report shall be comprised of schedules to be filed at the frequency indicated below. Four copies of each schedule shall be filed (i.e. postmarked) with the Civil Aeronautics Board on or before the indicated number of days subsequent to the period for which the report is being made, except that only two copies of the Interim Balance Sheet and Income Statement need be filed.

Schedule No.	Filing	Frequency	Postmark Interval (days)
A-	Certification.....	Quarterly.....	40
B-1	Balance Sheet.....	do.....	40
B-2	Notes to Balance Sheet.....	do.....	40
B-3	Paid-In Capital; Self-Insurance Reserves; and Appropriations of Retained Earnings; Deferred Income Taxes.....	do.....	40
B-4	Reserve for Uncollectible Accounts; Accounts with Associated Companies and Nontransport Divisions.....	do.....	40
B-5	Property and Equipment.....	do.....	40
B-6	Airframes and Aircraft Engines Acquired.....	do.....	40
B-7	Reinvestment of Flight Equipment Capital Gains.....	do.....	40
B-7(a)	Property and Equipment Retired.....	Quarterly.....	(1)
B-8	Flight Equipment Capital Gains Invested or Deposited for Reinvestment in Flight Equipment.....	do.....	(1)
B-8(a)	Inventory of Flight Equipment Spare Parts and Assemblies.....	Semiannually.....	40
B-9	Developmental and Preoperating Costs.....	Quarterly.....	40
B-10	Investments Held by, or for the Account of, Respondent.....	Annually.....	90
B-11	Accounts 1410 Short-Term Prepayments, 1650 Special Funds—Other, 1820 Long-Term Prepayments, 1880 Other Intangibles, 1890 Other Deferred Charges, 2390 Other Deferred Credits, Transactions of Airframes and Aircraft Engines.....	do.....	90
B-43	Inventory of Airframes and Aircraft Engines.....	do.....	90
B-44	Transactions with Associated Companies.....	do.....	90
B-45	Flight Equipment Airworthiness Reserves by Airframe and Aircraft Engine Types.....	do.....	90
B-46	Interim Balance Sheet.....	Monthly.....	30
P-1.1	Income Statement—Group I Air Carriers.....	Quarterly.....	40
P-1.2	Income Statement—Group II and Group III Air Carriers.....	do.....	40
P-2	Notes to Income Statement.....	do.....	40
P-3	Transport Revenues; Depreciation and Amortization; Nonoperating Income and Expense—Net; Income Taxes.....	do.....	40
P-4	Incidental Revenues—Net; Explanation of Special Items; Explanation of Deferred Federal Income Tax Adjustments, Dividends Declared and Retained Earnings Adjustments, Aircraft Operating Expenses—Group I Air Carriers.....	do.....	40
P-5.1	Aircraft Operating Expenses—Group I Air Carriers.....	do.....	40
P-5.2	Aircraft Operating Expenses—Group II and Group III Air Carriers.....	do.....	40
P-6	Maintenance, Passenger Service, and General Services and Administration Expense Functions—All Air Carrier Groups.....	do.....	40
P-7	Aircraft and Traffic Servicing, Promotion and Sales, and General and Administrative Expense Functions—Group II and Group III Air Carriers.....	do.....	40
P-8	Aircraft and Traffic Servicing, and Promotion and Sales Expense Subfunctions—Group III Air Carriers.....	do.....	40
P-9.1	Distribution of Ground Servicing Expenses by Geographic Location—Group I Air Carriers.....	do.....	40
P-9.2	Distribution of Ground Servicing Expenses by Geographic Location—Group II and Group III Air Carriers.....	do.....	40
P-10	Payroll.....	do.....	40
P-41	Taxes.....	do.....	40
T-1	Interim Income Statement.....	Annually.....	90
T-1.1(a)	Monthly Statement of Summarized Traffic and Capacity Statistics.....	Monthly.....	30
T-2	Monthly Statement of Traffic and Capacity Statistics by Component Operations.....	do.....	30
T-2	Monthly Statement of Scheduled Services Traffic and Capacity Statistics.....	do.....	30
T-3	Quarterly Statement of Aircraft Operating Statistics.....	Quarterly.....	30
T-4	On-Line Airport Activity Data.....	do.....	30
T-5	Passenger Loads by Segment—Local Service Air Carriers.....	Monthly.....	30
T-6	Passenger Loads by Flight—Local Service Air Carriers.....	do.....	30
T-7	Domestic Deferred Airfreight.....	do.....	30
G-4.1	Pension Holding More than 6 per centum of Respondent's Capital Stock or Contributions.....	Annually.....	90
G-4.2	Compensation and Expenses of All General Officers and Directors and of Management Personnel Receiving \$20,000 or more per Annum for Personal Services.....	do.....	90

(12) Procedures for computing available seat-miles and available ton-miles for each aircraft type, as required by paragraph (g), in section 25, Schedule T-3.

The foregoing statements where applicable shall be filed in duplicate, no later than January 1, 1957, and statements covering subsequent changes therein shall be attached to the CAB Form 41 report filed for the period in which such revisions are made. In the case of air carriers becoming subject to this system of accounts subsequent to January 1, 1957, statements shall be filed concurrently with each air carrier's initial CAB Form 41 report.

(e) All financial data reported on B, P, and G schedules shall reflect the status of the air carrier's books of account for the period for which report is being made and shall conform to the instructions of this Uniform System of Accounts and Reports. At the option of the air carrier financial data may be reported in thousands of dollars by Group III air carriers, and in whole dollars by Group I and Group II air carriers, by either dropping or rounding the hundreds of dollars and the cents respectively, provided all amounts are balanced within and between schedules and zero digits are inserted for the actual money amounts eliminated.

(f) Traffic and other operational statistics included in schedules of the CAB Form 41 reports shall reflect data pertaining to the month, quarter or 12-months-to-date period for which the report is being made.

(g) Adjustments correcting errors in previously reported traffic and other operational statistics shall not be included in data reported in schedules for the current period but shall be effected

by submission of corrected schedules for the period to which applicable or, if only a few items are involved, by written notice and authorization to the Civil Aeronautics Board to correct previously filed reports except that any correction which amounts to less than one-half of one percent (0.5%) of the corrected amount for the month to which related may be included in the report for the current month provided the amount of the correction is clearly noted on the Form 41 Report.

(h) All letters and statements of correction or revision of reported data shall be a part of the CAB Form 41 reports.

(i) All changes in accounting methods having a material impact upon the particular financial elements involved, (including but not limited to changes in methods of or bases for reserve accruals, depreciation, allocations between operating divisions or nontransport activities, and all changes in methods of computing and reporting traffic and capacity statistics having a material impact upon the particular statistic involved) shall be adequately explained and identified in the report first reflecting such changes. Such explanations related to financial position of financial results, shall be made on schedules B-2 and P-2—Notes to Balance Sheet and Notes to Income Statement, respectively. Changes in methods for computing or reporting traffic and capacity statistics shall be identified and explained on a separate sheet attached to the first report affected. (See section 2-16.) The reporting requirements shall not be construed, in any sense, as relieving the air carrier of the responsibility for conforming its procedures to those otherwise prescribed in this system of accounts and reports.

Schedule No.		Filing	
		Frequency	Postmark Interval (days)
G-43	Compensation and Expenses of Persons and Firms (Other than Directors, Officers and Employees) Receiving \$5,000 or more during the calendar year.	Annually	90
G-44	Corporate and Securities Data.	do.	90
D-1	Services Performed for the Defense Establishment.	Quarterly	40

procedures shall be regarded as effective 30 days after receipt by the Board unless the carrier is notified before that time of Board objections; provided that effective 60 days following notice the Board may require modification of any previously effective procedure covered by such statements:

(1) Procedures for assigning or proportioning profit and loss items between operating entities, as prescribed by section 2-1(b).

(2) Procedures for retroactive adjustments made to conform accounts with mail rate actions, as required by section 2-4(d).

(3) Procedures for accrual of self-insurance reserves, as prescribed by section 2-13(c).

(4) Procedures for establishment of expense equalization reserves, as prescribed by section 2-13(d).

(5) Procedures for depreciation of property and equipment, as prescribed by section 2-14(b).

(6) Procedures of accounting for airframe and aircraft engine overhauls and airworthiness reserves as prescribed by section 5-4(g) (8).

(7) Procedures for amortization of developmental and preoperating costs and other intangibles, as prescribed by section 5-5(b), section 6-1870(c), and section 6-1880.

(8) Procedures for the accrual of obsolescence and deterioration reserves for flight equipment expendable parts, as required by section 6-1311(d).

(9) Procedures for accrual of unearned transportation revenues, as prescribed by section 6-2160(b).

(10) Procedures for assigning or proportioning expenses between incidental services and transport operations, as prescribed by section 9-4600(d).

(11) Procedures for applying maintenance burden, as prescribed by section 10-5300(c), section 11-5300(c) and section 24, Schedule P-6, paragraph (f).

(b) Each air carrier shall file the schedules of the CAB Form 41 reports with the Civil Aeronautics Board in accordance with the above instructions, except that B and P report schedules for the final quarter of each calendar year may be extended to 90 days following the year's end provided that preliminary schedules B-1, P-1.1 or P-1.2 and P-3 are submitted within the standard prescribed 40-day filing period. At the request of an air carrier, and upon a showing by such air carrier that public disclosure of its preliminary year-end report would adversely affect its interests and would not be in the public interest, the Board will withhold such preliminary year-end report from public disclosure until such time as (1) the final report is filed, (2) the final report is due, or (3) information covered by the preliminary report is publicly released by the carrier concerned, whichever first occurs.

(c) If circumstances prevent the filing of a report within the prescribed time limit, consideration will be given to the granting of an extension upon receipt of a written request therefor. Such a request must set forth good and sufficient reason to justify granting the extension, must set forth the date when the report can be filed, and be submitted sufficiently in advance of the due date to permit proper time for consideration and communication to the air carrier of the action taken. Except in cases of emergency no such request will be entertained which is not postmarked in sufficient time to normally reach the Civil Aeronautics Board at least 24 hours before the prescribed due date. If a request is denied, the air carrier remains subject to the filing requirements to the same extent as if no request for extension of time had been made.

(d) Statements of accounting or statistical procedures required to be filed under this system of accounts and reports are recapitulated below. Such

Section 23—Certification and Balance Sheet Elements

Schedule A—Certification

(a) The certification of the CAB Form 41 report shall be signed by an elective corporate officer, executive or director, or such other person as may be authorized by the carrier to sign the certification provided a written authorization disclosing the individual's name and title is forwarded to the Civil Aeronautics Board. Since corrections or revisions of reported data are a part of the CAB Form 41 report, all correspondence relating to such matters shall be signed only by persons authorized to sign the certification.

(b) The certification of the Form 41 reports, embodied in schedule A thereof, shall read as follows:

I, the undersigned -----
(Title of officer in charge of accounts)
of the -----

(Full name of the reporting company) do certify that this report and all schedules and supporting documents which are submitted herewith or have been submitted heretofore as parts of this report filed for the above indicated period have been prepared under my direction; that I have carefully examined them and declare that they correctly reflect the accounts and records of the company, and to the best of my knowledge and belief are a complete and accurate statement, after adjustments to reflect full accruals, of the operating revenues and expenses, income items, assets, liabilities, capital, surplus, and operating statistics for the periods reported in the several schedules; that the various items herein reported were determined in accordance with the Uniform System of Accounts for Air Carriers prescribed by the Civil Aeronautics Board; and that the data contained herein are reported on a basis consistent with that of the preceding report except as specifically noted in explanations accompanying the financial and statistical statements.

Schedule B-1 Balance Sheet

- (a) This schedule shall be filed by all air carrier groups.
- (b) This schedule shall reflect the balances as at the close of business on the last day of each calendar quarter, for the overall or system operations of each air carrier in conformance with the provisions of sections 4, 5, and 6.
- (c) Individual proprietors or partners shall report the aggregate capital con-

tributed by the proprietor or partners in account 2890 Other Paid-In Capital.

Schedule B-2—Notes to Balance Sheet

(a) This schedule shall be filed by all air carrier groups.

(b) All substantive matters which may influence materially interpretations or conclusions in regard to the financial condition of the air carrier which are not clearly identified in the body of the balance sheet shall be completely and clearly stated in this schedule and cross-referenced to the affected balance sheet account.

(c) The amounts and estimated delivery dates of any purchase commitments of material size and not of a recurrent routine character shall be explained on this schedule. In the case of commitments involving flight equipment, the amount for each equipment type may be given in total, including any engines, airframes and spares; but the number of airframes and the number of engines by type shall be given, as well as the estimated delivery date for each complete aircraft. Reports on commitments other than for flight equipment are required only in the December 31 report of each calendar year.

(d) The pertinent facts relative to firm commitments as at December 31 of each year for the rental of assets during the ensuing year under leases of material amount shall also be set forth on this schedule. There shall be reported separately for airframes, aircraft engines, and other property and equipment, the aggregate amount of rent due for the ensuing year on material rental commitments, the original amount of such commitments, and the unliquidated balance thereof as at December 31 of the current year. Any important obligation assumed or guarantee made in connection with long-term leases shall also be stated. If rentals are conditional the minimum annual aggregate amount shall also be stated.

Schedule B-3—Paid-in Capital; Self-Insurance Reserves and Appropriations of Retained Earnings; Deferred Income Taxes

- (a) This schedule shall be filed by all air carrier groups.
- (b) Each class and series of the air carrier's capital stock, as at the end of each calendar quarter, shall be listed and the indicated information entered

within the "Paid-In Capital" section of this schedule.

(c) All transactions and amounts affecting paid-in capital during the current quarter shall be fully explained for each class and series of capital stock to which related. Total paid-in capital and total treasury stock reported on this schedule as at the end of each calendar quarter shall agree with corresponding amounts reported on schedule B-1 Balance Sheet.

(d) Individual proprietors or partners shall reflect the name of the proprietor or each partner at the head of the columns captioned "Class of Stock" and the balance of contributions to the business entity by the proprietor or each partner on line 11 Total Paid-In Capital.

(e) All credits and debits to self-insurance reserves and appropriations of retained earnings, respectively, shall be identified and explained in the "Self-Insurance and Appropriations of Retained Earnings" section of this schedule. The balances of accounts 2350 Reserve for Self-Insurance and 2930 Appropriations of Retained Earnings as at the end of each calendar quarter shall agree with corresponding amounts reported on schedule B-1—Balance Sheet.

(f) Column 1 of the "Deferred Income Tax" section of this schedule shall identify the source of each type of tax deferral; for example, depreciation under § 167 of the Internal Revenue Code, or deferred training costs. The amounts reflected in column 2 shall agree with amounts reflected in column 6 for the same sources at the close of the preceding quarter. The amounts reflected in column 6 shall, in aggregate, agree with amounts reported on schedule B-1 at the close of the current quarter for deferred income taxes. Columns 3, 4, and 5, respectively, shall reflect gross provisions, gross applications and adjustments of deferred income taxes during the current quarter for each tax source reflected in column 1. Adjustments reflected in column 5 shall be fully explained on schedule P-4 and cross-referenced thereto on this schedule.

Schedule B-4—Reserve for Uncollectible Accounts; Accounts With Associated Companies and Nontransport Divisions

- (a) This schedule shall be filed by all air carrier groups.

(b) Each reserve for uncollectible accounts shall be separately identified in the indicated section of this schedule. Columns 1 and 2 shall reflect the account number and the description of the asset against which each reserve is provided. The balance of each reserve as at the end of each quarter shall agree with corresponding amounts reported on schedule B-1—Balance Sheet.

(c) The name of each associated company and a description of each non-transport division shall be entered in column 1 of the indicated section of this schedule and the related balances shall be reflected in columns 2 through 6. The sum of the balances reported for each account shall agree with the amounts shown for the corresponding accounts on schedule B-1—Balance Sheet.

Schedule B-5—Property and Equipment

(a) This schedule shall be filed by all air carrier groups.

(b) A complete report shall be made on this schedule for the overall or system operations conducted by the air carrier.

(c) Column 3, "Additions" shall reflect the book cost of property and equipment acquired and the cost of improvements, betterments or other additions to each class of property and equipment during the current quarter.

(d) Column 4, "Retirements" shall reflect the book cost of each class of property and equipment retired during the current quarter. The amounts in this column shall agree by accounts with the amounts shown in column 7 of schedule B-8—Property and Equipment Retired.

(e) Column 5, "Transfers between Property Accounts" shall reflect the book cost of property and equipment reclassified between property and equipment accounts during the current quarter. Credit transfers from an account shall be indicated by an asterisk (*).

(f) Column 6, "Transfers between Other Accounts" shall reflect the cost of assets reclassified as between property and equipment and other balance sheet accounts during the current quarter and identification of the contra accounts affected by the transfer. Credit transfers shall be indicated by an asterisk (*). The cost of property and equipment and the related balances in reserves for depreciation and airworthiness at the end of each quarter shall

(d) All dates shall include the day, the month and the year of each transaction.

(e) Column 7, "Cost" shall agree in totals for each account with the corresponding cost of property and equipment retired and as reported in schedule B-5, column 4, "Retirements".

(f) Column 10, "Realization" shall reflect the proceeds from disposition, including any insurance proceeds or amounts covered by a self-insurance reserve established in accordance with section 2-13(c).

(g) Column 12, "Gain or Loss" shall, in aggregate for retirements of all property and equipment together with gain or loss on sale of securities, agree with amounts reflected by the air carrier on schedule P-3 in profit and loss subaccounts 81.1 Capital Gains and Losses—Operating Property and 81.2 Capital Gains and Losses—Other.

(h) Column 13, "Disposition", shall reflect the name of the person or organization to which airframes and aircraft engines are sold or a notation as to the nature of the retirement and the account to which any depreciated cost has been charged if not sold. Items included in accounts 1603 through 1608, and 1703 through 1708, sold as a part of airframe or aircraft engine sales transactions, shall also be identified by the name of the buyer. Other sales of items included in these accounts shall be reported in a separate group in aggregate for each property account affected, while all ground property dispositions shall be reported in a single aggregate and need not be identified by names of the buyers.

Schedule B-8(a)—Flight Equipment Capital Gains Invested or Deposited for Reinvestment in Flight Equipment

(a) This schedule shall be filed by each carrier which desires to establish that it is entitled to the benefits of Section 406(d) of the Act and which has reinvested or intends to reinvest gains derived from the sale or other disposition of flight equipment pursuant to Part 235 of the Economic Regulations.

(b) Column 1, "Description of Flight Equipment Retired" shall identify the various items of flight equipment retired including the applicable account number.

(c) Column 2, "Date of Sale or Other Disposition" shall include the day, the month and the year on which each item

count number, and the particular issue of debt being retired including a description of the flight equipment for which such debt was contracted, the type of obligation, date of maturity, interest rate, commitment fees, and, if applicable, name of creditor.

(c) Column 2 "Date of Application of Gain" shall include the day, month and year on which the gain was applied to each item of flight equipment or to liquidation of debt.

(d) Column 3 "Cost" shall include the total amount of cash or its equivalent actually paid to acquire each item of equipment or to liquidate debt incurred in the purchase or construction of flight equipment.

(e) Column 5 "Source of Gains" shall identify the gain, reported on schedule B-8(a), which has been reinvested.

Schedule B-8—Property and Equipment Retired

(a) This schedule shall be filed by all air carrier groups.

(b) The indicated data shall be reported for the sale or retirement of each airframe, each type of aircraft engine (stating the number of units retired) and, to the extent retired along with

airframes and engines, in aggregates by accounts, for operating property and equipment included in accounts 1603 through 1608 and nonoperating property and equipment included in accounts 1703 through 1708. Disposition of properties in accounts 1603 through 1608 and 1703 through 1708 not related to airframe and aircraft engine retirements shall be reported in a separate group for each account. Ground property and equipment disposed of shall be reported in aggregate for all accounts, with subdivisions between operating and nonoperating property and equipment. Airframe units leased from others for a period of more than 90 days shall be reported, upon return to the lessor, in a separate subsection of this schedule. In addition a notation shall be made by license number and name of lessee of airframe units leased to others for a period of more than 90 days. Airframe units leased under interchange arrangements shall not be so reported.

(c) Retirements shall be listed in the numerical sequence of the property and equipment account to which related.

license number, type of aircraft and date acquired.

(f) Column 8, "Maximum Continuous Horsepower" shall reflect the maximum continuous horsepower rating of each type of aircraft engine acquired. (See section 03 for definition as applied in this system of accounts and reports.)

(g) Column 9, "Aircraft Engines per Airframe" shall reflect the number of aircraft engines for which each acquired airframe is designed.

(h) Column 10, "Maximum Seat Capacity" shall reflect the number of passenger seats installed in each airframe acquired. When the configuration of airframes provides sleeping accommodations the passenger capacity shall be shown in terms of a sleeper version and a non-sleeper version. When airframes are designed for multiple adjustable seating configurations, the maximum number of seats for which designed shall be reported. When the seating configuration of airframes is modified subsequent to original acquisition, the revised passenger capacity of each airframe shall be reported in the quarter in which modified and referenced to identify original capacity reported.

(i) Column 11, "Cost" shall agree in totals for airframes and aircraft engines, respectively, with the corresponding cost of additions reported in schedule B-5, column 3, "Additions".

(j) Columns 12 and 15, "Reserve for Depreciation" and "Flight Equipment Airworthiness Reserves", respectively, shall include the amount of such reserves applicable to property and equipment transferred from nontransport divisions.

Schedule B-7(a)—Reinvestment of Flight Equipment Capital Gains

(a) This schedule shall be filed by each carrier which desires to establish that it is entitled to the benefit of Section 406(d) of the Act and which has filed schedule B-8(a) notifying the Board that it has reinvested the capital gains reported thereon in flight equipment and/or used the capital gains in retirement of debt contracted for the purchase or construction of flight equipment.

(b) Column 1 "Description of Flight Equipment Acquired and Debt Retired" shall identify the specific items of flight equipment acquired, the applicable ac-

agree with corresponding amounts reported on schedule B-1—Balance Sheet.

Schedule B-7—Airframes and Aircraft Engines Acquired

(a) This schedule shall be filed by all air carrier groups.

(b) The indicated data shall be reported for each individual airframe, identified by type, model, and design of cabin as to use for passengers exclusively, cargo exclusively, or both passengers and cargo in combination. Data pertaining to aircraft engines shall be reported in aggregate for each type or model. Airframe units leased from others for a period of more than 90 days shall be reported in a separate subsection of this schedule. In addition, a notation shall be made by license number of airframe units of the air carrier returned after lease to others for a period of more than 90 days. Airframe units obtained through interchange lease arrangements shall not be so reported.

(c) All dates shall indicate the day, the month and the year; shall be provided on a unit basis for airframes only; and, shall be reported for each aircraft engine group by date of transaction.

(d) Report shall be made in the quarter in which each airframe and each group of aircraft engines is actually acquired irrespective of whether the cost thereof is reflected in the property and equipment accounts during the current quarter or a subsequent quarter. If the cost data are not reflected in the current quarter a footnote to that effect shall accompany the report of acquisition. The costs shall be reported during the quarter in which determined and the equipment to which related shall be listed again in this schedule, with complete information, and shall be identified as being the same equipment reported at the earlier date.

(e) Column 2, "Date Placed in Transport Service" shall relate to airframes only and shall be the date on which each airframe was or will be placed in regular service by the reporting entity. If this date is not known at the time of submission of the report an estimated date bearing the notation "estimate" shall be provided with the exact date shown by footnote on a subsequent schedule B-7 in which the airframe is reidentified by

air carrier, shall agree with corresponding amounts reflected in schedule B-1 Balance Sheet.

(e) Column 5, "Number of Shares or Debt Principal Amount" shall reflect the number of shares of stock or the principal amount of bonds or notes held by the air carrier, for each class of security reported in column 2.

Schedule B-42—Accounts 1410 Short-Term Prepayments, 1550 Special Funds—Other, 1820 Long-Term Prepayments, 1880 Other Intangibles, 1890 Other Deferred Charges, 2390 Other Deferred Credits

(a) This schedule shall be filed by all air carrier groups.

(b) The data in this schedule shall be grouped and subtotaled for each indicated balance sheet account in numerical order and shall identify the nature and amount of each item included in each such balance sheet account as at the close of the current accounting period.

Schedule B-43—Inventory of Airframes and Aircraft Engines

(a) This schedule shall be filed by all air carrier groups.

(b) A single set of this schedule shall be filed for the overall corporate or other legal entity comprising the air carrier.

(c) The indicated data shall be reported for each individual airframe, identified by type, model, and design of cabin as to use for passengers exclusively, cargo exclusively, or both passengers and cargo in combination. Data pertaining to aircraft engines may be reported on a group basis by type of engine and type of aircraft to which related.

(d) Data in this schedule shall be grouped and subtotaled as between data pertaining to airframes and data pertaining to aircraft engines.

(e) The data to be reported shall include airframes and aircraft engines owned and in operation, those owned and in conversion, and nonoperating airframes and aircraft engines with subtotals for each of these groups.

(f) Data pertaining to rented airframes and aircraft engines shall be listed in columns 1 through 7, inclusive. Costs of improvements to rented airframes and aircraft engines shall be listed in columns 8 through 10, inclusive.

Schedule B-10—Developmental and Preoperating Costs

(a) This schedule shall be filed by all air carrier groups.

(b) Separate copies of this schedule shall be filed for projects directly applicable to each separate operating entity of the air carrier and for the air carrier as a whole covering projects which are applicable in common to all transport operating entities.

(c) Column 1 shall reflect an identification and complete description of each project for which costs are deferred in balance sheet account 1830. The description shall include the CAB Docket number in cases of projects involving a proceeding before the Civil Aeronautics Board.

(d) Explanation of the amounts included in column 3 shall disclose the general characteristics of the amounts deferred during the current quarter for each project, for example, the cost of regulatory proceedings; the cost of pilot, mechanic and ground crew training; special engineering; aircraft development flights; publicity flights; and route familiarization flights.

(e) Column 6, "Unamortized Balance—End of Quarter" shall in total agree, when aggregated for the air carrier as a whole, with the corresponding balance of account 1830 shown in schedule B-1—Balance Sheet.

(f) Column 7, "Development Costs Charged to Account 89" shall reflect costs incurred in projects which do not contribute to or protect air transportation services of the air carrier.

Schedule B-41—Investments Held by, or for the Account of, Respondent

(a) This schedule shall be filed by all air carrier groups.

(b) The data in this schedule shall be grouped as between investments held in the name of the air carrier and investments held in the name of others for the account of the air carrier. Each group shall be separately subtotaled by investments in associated companies and by investments in other than associated companies.

(c) Column 1 shall reflect the name of each associated company, and each other issuer of securities held by the air carrier.

(d) Column 4, "Book Cost," in total, for investments held in the name of the

the six-month period for which report is being made and shall agree, in aggregate for expendable parts and rotatable parts separately, with the respective balances reflected for such asset classifications in the current schedule B-1 Balance Sheet.

(d) Column 3, "Inventory Subject to Loss Provisions," shall reflect for each class of flight equipment expendable parts reflected in column 1 the predetermined level of inventory against which a reserve for loss in value is being accrued.

(e) Column 4, "Balance Beginning of Period," shall reflect the balance of accumulated valuation reserve provisions existing for each classification reflected in column 1 as at the beginning of the six-month period for which report is being made and shall agree with the balances shown in column 7, Balance End of Period, on the next previous report.

(f) Column 5, "Provisions During Period," shall reflect for each classification shown in column 1 the net provisions to valuation reserves against flight expendable parts and assemblies during the six-month period for which report is being made, net of adjustments for inventory declines. The amounts reported in this column for expendable parts shall agree with the amounts reported in account 73 for the same six-month period.

(g) Column 6, "Retirements During Period," shall reflect for each classification shown in column 1 the portion of accumulated valuation reserve provisions for flight equipment parts and assemblies absorbed in abandonment or other retirements of parts and assemblies during the six-month period for which report is being made.

(h) Column 7, "Balance End of Period," shall reflect the balance of accumulated valuation reserve provisions for each classification shown in column 1, existing as at the close of the six-month period for which report is being made and shall agree, in aggregate for expendable and rotatable parts, separately, with the respective current balances reflected for such asset classifications in schedule B-1, Balance Sheet.

(i) Column 8, "Cost Less Valuation Reserves," shall reflect the differences between columns 2 and 7.

was sold or otherwise disposed of within the meaning of § 235.1(b) of Part 235.

(d) Column 8, "Net Amount of Gain" shall reflect the net of column 5 minus columns 6 and 7; an entry shall be made transferring an amount equal to the amount in column 8 from account 2940 Unappropriated Retained Earnings to account 2930 Appropriations of Retained Earnings. If an initial measurement of gain is subject to adjustment to reflect losses which result upon collection of installment sales or in converting proceeds to cash, the adjustment should be reported at the time the loss is determined. Upon the investment of gains in flight equipment, an equivalent amount may be returned to account 2940 Unappropriated Retained Earnings.

(e) Column 9, "Disposition" shall reflect the name of the person or organization to which the flight equipment is sold or a notation as to the nature of the disposition if not sold.

(f) Columns 10 and 11 shall reflect the date and amount of each gain deposited in a re-equipment fund for reinvestment in flight equipment. Such deposits shall be recorded in account 1550 Special Funds—Other.

(g) Column 12 shall identify the assets in the fund and shall indicate the location of the fund if not in immediate physical possession of the air carrier.

Schedule B-9—Inventory of Flight Equipment Spare Parts and Assemblies

(a) This schedule shall be filed by all air carrier groups as at June 30 and December 31 of each calendar year.

(b) The indicated data shall be reported separately for each class of airframe parts, aircraft engine parts and other flight equipment parts, by types of airframes or aircraft engines to which applicable, or as "interchangeable" when applicable to more than one aircraft or engine type and shall be reported separately for expendable parts and rotatable parts and assemblies. Expendable parts and rotatable parts shall be separately grouped, subtotaled in columns 2 through 8, and identified in column 1 by asset account number.

(c) Column 2, "Inventory at End of Period" shall reflect the book balance for each class of parts and assemblies reflected in column 1 as at the close of

Schedule B-44—Transactions With Associated Companies

- (a) This schedule shall be filed by all air carrier groups.
- (b) A single set of this schedule shall be filed for the overall corporate or other legal entity comprising the air carrier.
- (c) The data in this schedule shall be grouped and subtotaled separately for balance sheet accounts 1250 Notes and Accounts Receivable—Associated Companies, 1510 Investments in Associated Companies, 2050 Notes and Accounts Payable—Associated Companies, and 2240 Advances from Associated Companies.
- (d) Column 1 shall reflect, under each affected balance sheet account, the name of each associated company.
- (e) Column 2 shall reflect, for each item listed in column 1, the balance as at the close of the next previous calendar year.
- (f) Column 3 shall reflect, for each item listed in column 1, the total billings to associated companies in the case of asset accounts, or the total billings from associated companies in the case of liability accounts, during the calendar year. Billings by associated companies shall not be offset against billings to associated companies but shall each be reported separately in gross amounts billed after reflection of debit or credit adjustments to correct or otherwise modify amounts previously billed whether such adjustments originate with the billed or billing company.
- (g) Column 4 shall reflect, for each item listed in column 1, adjustments resulting from restatements stemming from changes in foreign exchange rates.
- (h) Column 5 shall reflect, for each item listed in column 1, the amount of account settlements effected during the calendar year.
- (i) Column 6 shall reflect, for each item listed in column 1, the balance as at the close of the current calendar year.
- (j) Column 7 shall reflect, for each item listed in column 1, the amount of contra debits to liability accounts or contra credits to asset accounts during the calendar year which affected other balance sheet accounts.
- (k) Column 8 shall reflect, for each item listed in column 1, the amount of contra debits to liability accounts or contra credits to asset accounts during the

calendar year which affected profit and loss accounts. The sum of the amounts shown for each associated company account in columns 7 and 8 shall agree with the amount shown for total billings listed in column 3 for each such account.

- (l) Amounts to be reported on this schedule shall include all transactions cleared through balance sheet accounts 1250, 1510, 2050, and 2240. Transactions with associated companies for transport services settled through airline clearing houses shall not be reflected in this schedule unless transferred from clearing houses for direct settlement between the air carrier and associated companies. The contra amounts to billings shall be classified in terms of their inherent characteristics as to balance sheet or profit and loss impact and the ultimate disposition to be made of such amounts without regard to any intermediate accounting which may be performed.

Schedule B-45—Flight Equipment Airworthiness Reserves by Airframe and Aircraft Engine Types

- (a) This schedule shall be filed for all air carrier groups.
- (b) A single set of this schedule shall be filed for the overall corporate or other legal entity comprising the air carrier.
- (c) The indicated data shall be reported separately for each different airframe type. Data pertaining to aircraft engines shall be reported on a group basis by both type of engine and type of aircraft to which related.
- (d) Data reported in this schedule shall be grouped and subtotaled as between data pertaining to airframes and data pertaining to aircraft engines.
- (e) The amounts reported in each of columns 2, 3, and 4 shall in aggregate agree with the corresponding amounts reflected in schedule B-1 Balance Sheet as at December 31 of the current year.

Interim Balance Sheet

Each air carrier shall file each month two copies of a balance sheet in the form prepared for its management; provided that such balance sheet need not be filed as at the close of calendar quarters where the amount reflected in the "Stockholder Equity" section thereof agrees with similar data reflected on Schedule B-1 of CAB Form 41 as at the same date.

Section 24—Profit and Loss Elements
Schedule P-1.1—Income Statement—Group I Air Carriers

Schedule P-1.2—Income Statement—Group II and Group III Air Carriers

- (a) Schedule P-1.1 shall be filed by each Group I air carrier and schedule P-1.2 shall be filed by each Group II air carrier and each Group III air carrier.
- (b) Separate income statements shall be filed, covering all indicated items through "Net Income After Special Items" for each separate operating entity of the air carrier and for the overall, or system, operations of the air carrier. The indicated items following "Net Income After Special Items" shall be reported on only the income statement filed for the air carrier's system.
- (c) Data reported on this schedule shall conform with the instructions pertaining to profit and loss classifications within this Uniform System of Accounts and Reports.
- (d) Data reported in the "12-Months-to-Date" column shall represent for each individual item the sum of amounts reported in the "Quarter" column for the current and next previous three quarters.
- (e) "Unappropriated Retained Earnings—Beginning of Period" shall be the sum of the balances of "Unappropriated Retained Earnings" and "Net Income—Year to Date" reported on the balance sheet as at the close of the corresponding quarter of the previous year, in the case of the "12-Months-to-Date" column, and as at the close of the previous quarter, in the case of the "Quarter" column.
- (f) "Unappropriated Retained Earnings—End of Period" shall be, in the cases of both the "12-Months to Date" and "Quarter" columns, the sum of the balances of "Unappropriated Retained Earnings" and "Net Income—Year to Date" reported on the balance sheet as at the close of the current quarter.

Schedule P-2—Notes to Income Statement

- (a) This schedule shall be filed by all air carrier groups.
- (b) Separate sets of this schedule shall be filed for each separate operating entity and for the overall or system operations of the air carrier.
- (c) All substantive matters which may influence materially interpretations or

conclusions in regard to the earnings position of the air carrier which are not clearly identified in the body of the income statement shall be completely and clearly stated in this schedule and cross-referenced to the affected profit and loss account.

- (d) Each air carrier shall include on this schedule a description of each interruption in air transport operations, the aggregate effect of which is ten (10) percent or more of the scheduled revenue plane-miles which, except for the interruption, would have been operated during the month or either of two consecutive months affected. The information to be reported for each such interruption in operations shall consist of: (1) for the report period in which partial or complete interruption first occurs, the nature of the interruption and dates of partial and/or complete cessation of operations, as applicable; (2) for each report period until full resumption of plane-miles canceled in each month of the quarter because of the interruption; and (3) for the report period in which scheduled operations are resumed, dates of partial and/or complete resumption, as applicable.

Schedule P-3—Transport Revenues; Depreciation and Amortization; Nonoperating Income and Expense—Net; Income Taxes

- (a) This schedule shall be filed by all air carrier groups.
- (b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.
- (c) Transport revenues shall reflect the aggregate revenues from each indicated class of traffic carried in both scheduled and nonscheduled services. The sum of the subdivisions of each objective account shall agree with the corresponding amounts reported in schedule P-1—Income Statement. In the event the air carrier performs irregular transport services, in addition to charter and special services and scheduled services, separate sets of this schedule shall be filed for the reporting of schedule transport services and for nonscheduled transport services, respectively, and the service to which each report applies shall be entered in the box at the head of each of the two amount columns following "Period Ended".

for excess inventory levels determined

for excess inventory levels determined pursuant to section 6-1311.

(j) The total of function 5100 Flying Operations reported on this schedule shall agree with corresponding amounts reported on schedule P-1; the total of item 5278 Total Direct Maintenance—Flight Equipment shall agree with the corresponding amount in schedule P-3.

Schedule P-6—Maintenance, Passenger Service, and General Services and Administration Expense Functions

(a) This schedule shall be filed by all air carrier groups.

(b) A separate set of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Two sets of this schedule shall be filed for each operating entity with the Form 41 report filed for the fourth calendar quarter of each calendar year. One set shall be filed for each operating entity for the first three quarters of each calendar year. One of the two sets filed for the fourth quarter of each year shall reflect the indicated data applicable to the twelve months ended December 31.

All other sets shall reflect the indicated data applicable to the current quarter. An "x" shall be inserted in the box designated "Qr" at the head of each column of each report covering 12-month data.

(d) Group I air carriers shall report the indicated data for all except function 5500 Passenger Service.

(e) Group II and Group III air carriers shall report the indicated data for all except function 6900 General Services and Administration.

(f) Items 79.6 Applied Maintenance Burden—Flight Equipment and 79.8 Applied Maintenance Burden—General Ground Property, respectively, shall reflect a memorandum allocation by each air carrier of the total expenses included in subfunction 5300 Maintenance Burden between maintenance of flight equipment (by aircraft types) and maintenance of ground property and equipment (exclusive of maintenance equipment and maintenance buildings for

operation on the accounting carrier's routes of aircraft provided by others under aircraft interchange agreements shall be separately reported, in aggregate for all such agreements, as if for a distinct aircraft type. Those expenses applicable to aircraft of the same type as those owned or operated by the accounting air carrier shall be distributed in summary memo form as item 98.1 and 98.2 to each aircraft type owned or operated by the accounting air carrier. Aircraft types not generally used in revenue services shall be separately reported. If more than one type of aircraft is involved a separation of data relating to each type of aircraft shall not be required.

(e) "Aircraft type" refers to models such as B-707-100, B-707-300, CV-240, DC-6, as designated by the manufacturer, with no distinction being required with respect to the type of service, such as passenger or cargo, for which the aircraft is primarily equipped. The prescribed reporting by aircraft types may be reviewed from time to time upon request by individual air carriers, or upon the initiative of the Board, and groupings of aircraft types for reporting purposes may be prescribed or amended in specific instances.

(f) Italicized codes and item titles do not constitute accounts or account numbers prescribed for air carrier accounting but shall be used for reporting purposes only.

(g) Item 79.6 Applied Maintenance Burden shall reflect a memorandum allocation by each air carrier of the total expenses included in subfunction 5300 Maintenance Burden between maintenance of flight equipment, by aircraft types, and maintenance of ground property and equipment (exclusive of maintenance equipment and maintenance buildings) in accordance with item (f) of the instructions for schedule P-6. The amount reported for this item, in aggregate for all aircraft types, shall agree with the amount reported for the same item reflected on schedule P-6.

(h) Item 73.1 Current Provisions (for obsolescence and deterioration of flight equipment expendable parts) shall reflect the gross provisions for losses in value of expendable parts during the current accounting period.

(i) Item 73.2 Inventory Decline Credits shall reflect credits applicable to the current period for any adjustments

bottom section of this schedule. The explanations for each credit and debit, respectively, shall identify the property to which related, provide a complete description of the adjustment and the reasons for the adjustment.

(k) Dividends declared and retained earnings adjustments shall be fully explained in the bottom section of this schedule. If a dividend is not payable in cash, the values of amounts declared shall be completely described.

Schedules P-5.1 and P-5.2—Aircraft Operating Expenses

(a) Schedule P-5.1 shall be filed by each Group I air carrier and P-5.2 by each Group II and Group III air carrier.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Two sets of this schedule shall be filed each quarter for each operating entity. One set shall reflect the indicated data applicable to the current quarter. The second set shall reflect the indicated data applicable to the 12-month period ended with the current quarter. An "x" shall be inserted in the box designated "Qr" at the head of each column of the set covering quarterly data and an "x" shall be inserted in the box designated "Yr" at the head of each column of the set covering 12-months to date data.

(d) Data applicable to each aircraft type operated by the air carrier shall be reported in separate columns of this schedule and each aircraft type for which report is being made shall be identified at the head of each column in the space provided opposite "Aircraft Type". However, each air carrier may group on a uniform basis, data applicable to small single-engine aircraft types of approximately equivalent size, flight principles and characteristics. For this purpose two groups, with subdivision as between fixed wing and rotary wing aircraft types, and between reciprocal engine, turbojet and turboprop aircraft types are established as follows: (1) single-engine aircraft with maximum continuous horsepower of 300 or under; (2) single-engine aircraft with maximum continuous horsepower of 301 to 450, inclusive. All other aircraft types, including larger single-engine and small twin-engine types, are to be separately reported. Expenses applicable to the

(d) Depreciation and Amortization, Nonoperating Income and Expense—Net, and Income Taxes, respectively, shall reflect the indicated detail applicable to the corresponding amounts reported in schedule P-1—Income Statement.

Schedule P-4—Incidental Revenues—Net; Explanation of Special Items; Explanation of Deferred Federal Income Tax Adjustments, Dividends Declared and Retained Earnings Adjustments

(a) This schedule shall be filed by all air carrier groups.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Incidental revenues—net shall be reported in this schedule in conformance with the instructions pertaining to each item in section 9-4600 Incidental Revenues—Net.

(d) Receipts from and payments to other air carriers under agreements providing for mutual financial assistance in the case of work stoppage shall be identified in separate amounts for the individual air carriers involved, through appropriate footnote on schedule P-2 and shall be cross-referenced to account 18 Other Incidental Revenues reflected in this schedule. The note covering payments under such agreements shall identify the items and the amounts of the gross revenues and gross expenses upon which the payments to each air carrier are predicated.

(e) The aggregate of all net incidental revenues reported in this schedule shall agree with the corresponding net amount reported for classification 4600 Incidental Revenues—Net, in schedule P-1.

(f) Each special income item shall be fully identified and reported in gross amount in this schedule.

(g) Special credits to income during the current accounting period shall be identified in positive amounts and any special debits to income shall be identified by asterisks (*).

(h) Special income and special income tax credit and debit items shall be reported separately.

(i) The net of special income items and the net of special income tax items reported in this schedule shall agree with corresponding amounts reported in schedule P-1.

(j) Deferred federal income tax adjustments shall be fully explained in the

which costs are included in subfunction 5300). Where airframe and aircraft engine overhauls are accounted for on the accrual basis to produce a matching of costs with the operation of aircraft, the allocation of maintenance burden shall give effect to charges and credits to profit and loss account 5272 Flight Equipment Airworthiness Provisions in order to effect an equitable allocation of such maintenance burden costs. Each air carrier shall file with the Civil Aeronautics Board a statement as a supplement to this schedule in which the procedures to be followed in allocating maintenance burden are fully explained. Revisions in such allocation procedures shall not be effected for 30 days following written notice to the Civil Aeronautics Board. (See section 22(d).) At the option of the air carrier standard burden rates may be employed for quarterly allocations of maintenance burden provided the rates are reviewed at least once each accounting year and the amounts allocated are adjusted to reflect the actual costs incurred for the full accounting year. Any differences between actual burden costs incurred during each quarter and amounts applied at standard rates shall be entered as item 79.9 Over or Under Applied Burden.

(g) The sum of the totals of subfunctions 5200 Direct Maintenance and 5300 Maintenance Burden shall agree with the corresponding amount reported in function 5400 on schedule P-1. The total of function 6900 General Services and Administration reported in this schedule by Group I air carriers shall agree with the corresponding amount reported on schedule P-1.

Schedule P-7—Aircraft and Traffic Servicing, Promotion and Sales, and General and Administrative Expense Functions

(a) This schedule shall be filed by each Group II air carrier and each Group III air carrier.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Two sets of this schedule shall be filed for each operating entity with the Form 41 report filed for the fourth calendar quarter of each calendar year. One set shall be filed for each operating entity for the first three quarters of

each calendar year. One of the two sets filed for the fourth quarter of each year shall reflect the indicated data applicable to the twelve months ended December 31. All other sets shall reflect the indicated data, applicable to the current quarter. An "x" shall be inserted in the box designated "Qr" at the head of each column of each report covering quarterly data and an "x" shall be inserted in the box designated "Yr" at the head of each column of each report covering 12-month data.

(d) Group II air carriers shall report the indicated data for all except subfunction 6100 Aircraft Servicing.

(e) Group III air carriers shall report the indicated data for subfunction 6100 Aircraft Servicing and function 6800 General and Administrative and shall disregard the data indicated for functions 6400 Aircraft and Traffic Servicing and 6700 Promotion and Sales.

(f) The item "12-months to date" shall reflect the total expenses of each functional expense classification reported on this schedule for the cumulative 12-month period ended with each current quarter for which report is made. (g) The total of each functional expense classification reported in this schedule shall agree with the corresponding amount reported in schedule P-1.

Schedule P-8—Aircraft and Traffic Servicing, and Promotion and Sales Expense Subfunctions

(a) This schedule shall be filed by each Group III air carrier only.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Two sets of this schedule shall be filed for each operating entity with the Form 41 report filed for the fourth calendar quarter of each calendar year. One set shall be filed for each operating entity for the first three quarters of each calendar year. One of the two sets filed for the fourth quarter of each year shall reflect the indicated data applicable to the twelve months ended December 31. All other sets shall reflect the indicated data applicable to the current quarter. An "x" shall be inserted in the box designated "Qr" at the head of each column of each report covering quarterly data and an "x" shall be inserted in the box designated "Yr" at the head of

each column of each report covering 12-month data.

(d) The item "12-months to date" shall reflect the total expenses of each functional expense classification reported on this schedule for the cumulative 12-month period ended with each current quarter for which report is made. (e) The sum of the totals reported in this schedule for subfunctions 6200 Traffic Servicing and 6300 Servicing Administration, together with 6100 Aircraft Servicing in schedule P-7 shall agree with the corresponding amount reported for function 6400 Aircraft and Traffic Servicing in schedule P-1. The sum of the totals reported in subfunctions 6500 Reservations and Sales and 6600 Advertising and Publicity shall agree with the corresponding amount reported for function 6700 Promotion and Sales in schedule P-1.

Schedule P-9.1—Distribution of Ground Servicing Expenses by Geographic Location—Group I Air Carriers

Schedule P-9.2—Distribution of Ground Servicing Expenses by Geographic Location—Group II and Group III Air Carriers

(a) Schedule P-9.1 shall be filed by each Group I air carrier and schedule P-9.2 by each Group II and each Group III air carrier.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) This schedule shall reflect a distribution of expenses by the geographic locations at which the goods or services to which related are applied. This schedule shall embrace for all air carrier groups direct maintenance and depreciation expenses applicable to general ground properties recorded in subfunction 5200 Direct Maintenance, exclusive of account 78 Direct Maintenance—Flight Equipment, plus subaccount 75.9 Depreciation—General Ground Property and, in the case of Group I air carriers, expenses recorded in function 6900 General Services and Administration and, in the cases of Group II and Group III air carriers, expenses recorded in functions or subfunctions of 6400 Aircraft and Traffic Servicing and 6700 Promotion and Sales.

(d) Line 1 shall reflect the aggregate expenses incurred at all airports, or other geographic locations, served in

nonscheduled services only and related traffic offices. Downtown traffic offices maintained at off-line points for the purpose of selling or soliciting traffic for scheduled services shall be considered as on-line installations.

(e) Column 1, "Location" shall reflect in alphabetic sequence the name of each certificated point served by the air carrier under certificates of public convenience and necessity, subdivided to reflect in alphabetic order the name of each airport through which each certificated point is served and, in a separate group, the name of each city at which off-line traffic offices, maintained for the purpose of selling or soliciting traffic for scheduled services, are located.

(f) Column 2, "Number of Employees" shall reflect the number of persons employed at each on-line airport and all city traffic offices maintained at each point during the payroll period nearest the 15th of the last month of the quarter.

(g) Expenses applicable to each airport shall be entered in the indicated classification directly opposite its name; other expenses applicable to each certificated point shall be entered in the indicated classifications opposite the name of each certificated point; and expenses applicable to each noncertificated point where installations are maintained or used for certificated services shall be entered in the indicated classifications opposite its name.

(h) Expenses classified as "Local" shall include all expenses which are directly chargeable to activities performed at each specific locality.

(i) Expenses classified as "Regional and System" shall include all expenses incurred at each specific locality which are directly chargeable to administering activities performed at a number of different localities. For this purpose expenses attaching to such as central space control installations and centralized inter-airport flight control installations shall be considered "Regional and System" expenses.

Schedule P-10—Payroll

(a) This schedule shall be filed by all air carrier groups.

(b) Separate sets of this schedule shall be filed for personnel employed within the Continental limits of the United States and for personnel employed, by each separate operating en-

Section 25—Traffic and Capacity Elements

General instructions. (a) The prescribed reporting for traffic and capacity elements is designed to reflect, on a uniform basis, the physical factors related to air transport operations as actually conducted. Schedules T-1 through T-7, reflecting traffic carried, capacity operated and other operating statistics, correlate similar information for the various services regardless of the schedule on which reported. The four-letter codes used on schedules T-1, T-2 and T-3 are systematically assigned for each item of information to facilitate use of the data irrespective of the schedule in which they appear. Thus, the first digit of the four-letter code denotes basic class of service; for example, 1xxx indicates Scheduled First-class Services, 2xxx Scheduled Coach Services, 8xxx Non-Scheduled Services and 9xxx All Services. The second digit denotes the basic operating element involved; for example, x0xx indicates passenger count, x1xx passenger-miles and x9xx unclassified. The last two digits denote the particular detailed operating element involved; for example, xx11 indicates first-class passengers/passenger seats, xx18 nonrevenue passengers, and xx31 through xx53 nonpassenger revenue traffic classes.

(b) When the same item is required to be reported on a monthly, quarterly and/or 12-month basis, the 12-month total shall agree with the sum of the quarterly or monthly data reported for the 12-month period, and the quarterly total shall agree with the sum of the monthly data reported in the quarter, whether the data are reported on the same or different schedules.

(c) All statistics to be reported on these schedules shall be compiled in accordance with the definitions set forth in section 03 Definitions for Purposes of this System of Accounts and Reports. In principle, elements which are common to different statistics, shall be measured on a consistent basis for all statistics of which they are a component. Thus, all passenger-mile, seat-mile, ton-mile, and aircraft mile statistics applicable to a particular service or operation shall be compiled on a direct airport-to-airport mileage basis in terms of a consistent measurement of aircraft movement by flight stages. Similarly, all scheduled

(g) The term "payroll period" denotes the collective payroll periods of various groups of employees, irrespective of the difference in the length of the pay periods. The amounts reported in this schedule may, therefore, represent a composite of data relating to two or more separate payrolls covering different periods of time, although the data with respect to any one group of employees shall not reflect more than one payroll period.

Schedule P-41—Taxes

- (a) This schedule shall be filed by all air carrier groups.
- (b) A single set of this schedule shall be filed for the overall corporate or other legal entity comprising the air carrier.
- (c) This schedule shall reflect in the detail indicated the taxes levied against the air carrier paid or accrued during the accounting year.
- (d) The "Grand Total" of taxes reported on this schedule shall agree with the sum of the amounts reported in accounts 68, 69, 91, 92, and 95 for the twelve months ended December 31.

Interim Income Statement

- (a) Each air carrier shall file each month two copies of income statements in the form prepared for its management.
- (b) The statements submitted should provide a separation of revenues and expenses between separate operating entities of the air carrier.

tity of the air carrier, who are employed outside the Continental limits of the United States. Flight personnel and other personnel subject to travel shall be reported in accordance with the location at which normally based.

(c) Column 3, "Number of Employees" shall reflect, for each classification in column 1 the number of full and part-time employees, both permanent and temporary, who worked or received pay for any part of the pay period(s) ending nearest the 15th day of the last month of the quarter whether paid weekly, monthly or otherwise.

(d) Column 4, "Total All Employees" shall reflect expansions to annual rates of the amounts of compensation paid of each person included in column 3 for the payroll period ended nearest the 15th day of the last month of the quarter. Compensation shall include total pay, including overtime, paid sick leave, holidays and vacations but shall exclude bonuses (unless earned and paid regularly each pay period) and cash payments for vacations not taken.

(e) Column 5, "Average per Employee" shall reflect the averages obtained by dividing the amount of compensation shown in column 4 by the number of employees reported in column 3.

(f) Data with respect to each employee shall be included in the classification to which most of his salary is charged, even though the compensation of such employee is normally prorated to two or more classifications.

mileages and all scheduled departures shall be compiled as each flight is scheduled to be performed pursuant to the air carrier's published flight schedules, while scheduled miles performed and scheduled departures performed shall both be compiled in accordance with the pattern through which each point scheduled for service is actually served. Consistent with this principle, all statistics pertaining to actual operations shall be compiled in terms of each flight stage as actually performed.

(d) As a general rule, the traffic and capacity measurements to be reported on these schedules are designed to represent the physical operations reflected by the revenues and expenses, respectively, for the same period. Thus, except as separately provided for, aircraft capacity elements associated with deferred costs are not to be included in reported statistics whereas the revenue traffic elements associated with flights for which costs but not revenues are deferred shall be reported as if carried on other flights and the amounts so included shall be disclosed by footnote to the applicable item. For purposes of reporting by aircraft types on schedules T-3 and T-4 small single-engine aircraft types may be grouped in accordance with the instructions in section 24, schedules P-5.1 and P-5.2, paragraph (d).

Schedule T-1—Monthly Statement of Summarized Traffic and Capacity Statistics

Schedule T-2—Monthly Statement of Scheduled Services Traffic and Capacity Statistics

- (a) These schedules shall be filed by all air carrier groups.
- (b) Separate sets of these schedules shall be filed for each separate operating entity of the air carrier.
- (c) Two sets of these schedules shall be filed each month for each operating entity. One set for each schedule shall reflect the indicated data applicable to the current month. The other set for each schedule shall reflect the indicated data applicable to the twelve months ended with the current month. An "x" shall be inserted in the box designated "Mo" at the head of each column of the report covering monthly data. An "x" shall be inserted in the box designated "Yr" at the head of each column of the report covering 12-month data.

number corresponds to the codes assigned to corresponding items reported on schedules T-1 and T-3, except for the prefix "8" in the code assigned non-scheduled services which represents an aggregation of "Irregular Services Excluding Charter" and "Charter Services" reported on schedule T-1.

Schedule T-3—Quarterly Statement of Aircraft Operating Statistics

- (a) This schedule shall be filed by all air carrier groups.
- (b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.
- (c) Two sets of this schedule shall be filed each quarter for each operating entity. One set shall reflect the indicated data applicable to the current quarter. The other set shall reflect the indicated data applicable to the twelve months ended with the current quarter. An "x" shall be inserted in the box designated "Qr" at the head of each column of each report covering quarterly data and an "x" shall be inserted in the box designated "Yr" at the head of each column of each report covering 12-month data.

(d) Data applicable to each aircraft type operated by the air carrier shall be reported in separate columns of this schedule and each aircraft type for which report is being made shall be identified at the head of each column in the space provided opposite "Aircraft Type"; *Provided, however*, Each air carrier may group, on a uniform basis, data applicable to small single-engine aircraft of approximately equivalent size. Refer to section 24 schedules P-5.1 and P-5.2, paragraph (d), for policy regarding the grouping of small aircraft types. All other aircraft types, including larger single-engine and small twin-engine types are to be separately reported. Aircraft not generally used in revenue service shall be reported in a group as a single type. For purposes of reporting on this schedule, versions of each aircraft type designed exclusively for cargo services, and only incidentally for passenger service, shall be considered as distinct aircraft types.

(e) All mileage data shall be based upon direct airport-to-airport distances as distinguished from course-flown distances in accordance with the instructions relating thereto on schedules T-1

the heading of each column on schedule T-1.

(c) Two sets of these schedules shall be filed each month for each operating entity. One set of each schedule shall reflect the indicated data applicable to the current month. The other set of each schedule shall reflect the indicated data applicable to the twelve months ended with the current month. An "x" shall be inserted in the box designated "Mo" at the head of each column of the report covering monthly data. An "x" shall be inserted in the box designated "Yr" at the head of each column of the report covering 12-month data.

(d) The indicated data shall be reported for all operations of the reporting entity in the column designated "Total" and for the "domestic", "territorial", and "international" operations, as defined in section 03, encompassed by such entity in the separate columns provided therefor. For purposes of reporting on this schedule, domestic flight stages operated between points where authorized service is restricted to international or territorial traffic and which are an integral part of such international or territorial operation, shall be combined therewith. The reporting entity as set forth in section 21(i), shall be identified in each column opposite the heading "Operation". Each item on this schedule shall be reported on the same basis as the corresponding item reported on schedule T-1. The amounts, except for "Number of revenue passenger originations", reported for each item in the "Total" column under "Scheduled Services" and "Nonrevenue Flights", respectively, shall agree with the corresponding amounts reported in the "All Scheduled Services" and "All Services" columns, respectively, of schedule T-1. The amounts reported for each item in the "Total" column under "Nonscheduled Services" shall agree with the sum of the corresponding amounts reported in the "Irregular Services Excluding Charter" and "Charter Service" columns of schedule T-1.

(e) The digit after the decimal in the code assigned each item on this schedule is for CAB control purposes. "Domestic" operations are, for all items, denoted by the decimal digit "1", "Territorial" operations by the decimal digit "2", and "International" operations by the decimal digit "3". The balance of each code

time to time upon request of individual air carriers, or upon the Board's initiative, and other weights may be prescribed in specific instances.

(j) Item 253, "Excess Baggage" ton-miles may be determined either by direct computation from flight records or, following approval by the Civil Aeronautics Board, by application of appropriate standards.

(k) Item 997, "Number of Employees based in Continental United States" shall reflect the total number of full and part-time employees, both permanent and temporary, who worked or received pay for any part of the pay period(s) ending nearest the 15th day of the month, whether paid daily, weekly, monthly or otherwise, and who were based in Continental United States. Persons based in the United States but employed on transoceanic flights should be included. Include salaried officers of the corporation and employees on paid sick leave, holidays and vacations but do not include pensioners, members of the armed forces, or persons on leave of absence without pay.

(l) Item 998, "Number of Employees Based Outside Continental United States" shall reflect the total number of employees who were assigned to locations outside Continental United States.

(m) Item 999, "Total Number of Employees" shall reflect the sum of items 997 and 998.

(n) The filing of Schedule T-2 is waived for those reporting entities operating a single class of scheduled service, provided the class of service operated is identified in the heading of the "All Scheduled Service" column of schedule T-1.

Schedule T-1(a)—Monthly Statement of Traffic and Capacity Statistics by Component Operations

(a) This schedule is applicable to all air carrier groups.

(b) Separate sets of this schedule shall be filed for each reporting entity of the air carrier (see section 21(i)) which covers, in scheduled or nonscheduled services, more than one of the categories of "domestic", "territorial" or "international" operations, as defined in section 03. Carriers not filing schedule T-1(a) shall add the word "exclusive" to the description of the operation in

(d) The indicated data shall be reported on these schedules for each class of service performed by the air carrier with both owned and rented aircraft including aircraft of others used on the air carrier's routes under interchange agreements. These schedules, except to the extent otherwise specifically provided for, shall not include traffic or capacity statistics related to flight facilities used by other air carriers, the revenue from which is includible in profit and loss accounts 11 Rents, 13 Interchange Sales—Associated Companies, 15 Interchange Sales—Outside, or 18 Other Incidental Revenues. Traffic and capacity statistics shall not be included in these schedules for interrupted traffic of the air carrier where the responsibility for the forwarded traffic becomes that of other carriers, thus conforming to the provision that the direct cost of forwarding traffic by others, as a result of interrupted trips, shall be charged to the appropriate revenue account.

(e) All mileage data shall be based upon direct airport-to-airport distances as distinguished from course-flown distances. Miles performed and traffic carried on flights scheduled to begin in one month and terminate in the next shall be included in the month in which the flight is scheduled to depart, provided that such flights in territorial and international operations shall not be considered to extend beyond the first crew change point.

(f) All utilization and performance factors and average load data shall be computed one place beyond the decimal point.

(g) Item 016, "Number of Revenue Passenger Originations" shall reflect an unduplicated count of passengers originating journeys on the lines of each reporting entity. (See section 03—Passenger originations.)

(h) Item 017, "Number of Revenue Passenger Enplanements" shall reflect a count of the total number of passengers boarding aircraft. This count may be measured on the basis of a standard number of passenger enplanements per on-line originating passenger.

(i) Item 217 "Passenger" ton-miles shall be computed at the standard passenger weights (including free baggage) set forth in section 03 in the definition for "weight, passenger". The prescribed passenger weights may be reviewed from

cal measurement at least twice each calendar year.

Schedule T-4—On-Line Airport Activity Data

- (a) This schedule shall be filed by all air carrier groups.
- (b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.
- (c) This schedule shall reflect the indicated measures of activity at each on-line airport maintained at points certified by the Civil Aeronautics Board for scheduled services.
- (d) Each point maintained for service under certificates of public convenience and necessity shall be listed in column 1 in alphabetical sequence and the indicated data reported in columns 2 through 17, inclusive. Each airport used in serving each certificated point and the data pertaining thereto shall be separately identified.
- (e) Column 2, "Scheduled Departures" shall reflect the total number of departures scheduled during the current quarter at each airport as set forth in the air carrier's published schedules including those scheduled on a flag-stop basis.
- (f) Column 3, "Scheduled Departures Performed" shall reflect the total number of departures actually performed pursuant to published schedules during the current quarter at each airport. Departures performed shall not include departures of flights operated as extra sections to scheduled flights, other departures performed but not included in scheduled departures reported in column 2, or flag-stop departures not actually made.
- (g) Column 4, "Total Departures Performed in Revenue Services—Non-scheduled Services" shall reflect the total number of departures in nonscheduled services actually performed for each on-line airport.
- (h) Columns 5 through 10, "Total Departures Performed in Revenue Services—Scheduled Services" shall reflect the total number of departures in scheduled services (including extra sections) actually performed from each on-line airport. The aggregate number of departures by all aircraft types shall be reported in column 5 and the number of departures by each aircraft type shall be reported in columns 6 through 10, in-

- (k) Item 9683, "Revenue Hours per Aircraft per Day—Carrier's Routes" shall be determined by dividing item 9681, "Aircraft Days Assigned to Service—Carrier's Routes" into item 9668, "Revenue Aircraft Hours".
- (l) Item 9767, "Revenue Aircraft Miles in Scheduled Services Excluding Extra Sections" shall reflect the total of revenue aircraft miles in scheduled services, item 5568, less the revenue aircraft miles flown in extra sections included therein.
- (m) Item 9867, "Revenue Hours on Other Carrier's Interchange Equipment" shall reflect the hours flown in revenue service of the reporting air carrier under equipment interchange agreements with aircraft of others.
- (n) Item 9879, "Total Hours on Other Carrier's Interchange Equipment" shall reflect the hours flown in both revenue and nonrevenue services of the reporting air carrier under equipment interchange agreements with aircraft of others.
- (o) Item 9968, "Total Hours by Others on Carrier's Interchange Equipment" shall reflect the total hours flown in the operations of other air carriers under equipment interchange agreements with aircraft owned or rented by the reporting air carrier.
- (p) Item 9978, "Aircraft Hours in Capitalized Projects" shall reflect the total aircraft hours flown during the current accounting period which are applicable to ferrying newly acquired aircraft from the factory, capitalized extension and development or preoperating costs and other costs incurred during the current accounting period which have been capitalized.
- (q) Items 9991 and 9992, "Aircraft Fuels (Oils) Issued" shall reflect the gallons of fuels or engine oils issued or placed aboard aircraft during the current accounting period for both revenue and nonrevenue flights. Fractional gallons shall not be shown.
- (r) Item 9993, "Percent of Block-to-Block to Airborne Hours" shall be determined by dividing the revenue aircraft hours flown computed on the block-to-block basis by revenue aircraft hours flown computed on the airborne basis. At the option of the air carrier a standard percentage relationship, fairly representative of the actual relationship, may be employed for reporting provided such standard is redetermined by physi-

- or available for assignment to services performed by the air carrier or assigned to services on routes of other air carriers under aircraft interchange agreements. (See section 03 for further definition.) It shall not include aircraft which are otherwise rented, leased or loaned to others, for which aircraft days shall be reported by equipment type as a footnote to this schedule, or aircraft of others used by the air carrier under interchange agreements. Aircraft days shall be allocated between separate operating entities as follows:
- (1) Aircraft assigned exclusively to a particular operation shall be reported for the operation to which assigned.
- (2) Aircraft used interchangeably in two or more separate operating entities shall be prorated between such operations in accordance with the time each aircraft was in an operating status in each operation.
- (3) The time of aircraft in maintenance or overhaul or held in reserve shall be assigned on the basis of the relative time aircraft of the same type were in an operating status in each operation during the most recent month.
- (i) Item 9681, "Aircraft Days Assigned to Service—Carrier's Routes" shall reflect owned and rented aircraft in the possession of the air carrier or available for assignment to services performed by the air carrier. It shall include the time aircraft of others are in the possession of the air carrier pursuant to aircraft interchange agreements and shall exclude the time aircraft of the air carrier are in the possession of others pursuant to aircraft interchange agreements. Otherwise, allocation of aircraft days under this item shall conform with the instructions related to item 9680. (See section 03 for further definition.)
- (j) Item 9682, "Revenue Hours per Aircraft per Day—Carrier's Equipment" shall be determined by dividing item 9680, "Aircraft Days Assigned to Service—Carrier's Equipment" into the total revenue aircraft hours flown by aircraft owned or rented and in the possession of the air carrier, determined by subtracting item 9667, "Revenue Hours on Other Carrier's Interchange Equipment" from and adding item 9668, "Total Hours by Others on Carrier's Interchange Equipment," to item 9668, "Revenue Aircraft Hours."

and T-2. Mileage related to flights which are not measurable in terms of airport-to-airport distances shall be determined by applying a typical airport-to-airport speed for each aircraft type to the aircraft hours flown by each aircraft type in such flights.

(f) All aircraft hours data shall be based upon the time each aircraft becomes airborne on take-off to the time of ground contact upon landing and shall be included in the month in which the aircraft miles to which related are reported. Aircraft hours flown, items 9668 through 9679, shall include hours flown for which related costs have been charged directly against income during the current accounting period and shall not include hours flown applicable to costs which have been deferred. Such hours shall be reported in item 9978, "Aircraft Hours in Capitalized Projects". Refer to paragraph (d) of the General Instructions for reporting Traffic and Capacity Elements for policy regarding flights for which costs are capitalized. Minutes or fractional hours shall not be shown in reporting aircraft hours.

(g) Each air carrier shall submit to the Civil Aeronautics Board a detailed statement of its method of computing available ton-miles and available seat-miles for each type of aircraft operated. Also, any future changes in methods of computation shall be submitted, subject to review and approval by the Civil Aeronautics Board. (See section 22(d).) The measurement of available aircraft capacity may reflect company minimum fuel requirements in lieu of the requirements under Civil Air Regulations, provided that the use of such company fuel requirements is indicated in the above statement and that the statement contain certification by a responsible company official that said fuel loads are not in excess of company safety requirements. The reason for exclusion of any installed seats in the computation of available seat-miles with respect to any aircraft type and the provisions made for protecting against the sale of such seats, shall be described in this statement and shall be certified to by a responsible company official. (See section 03 "seats available".)

(h) Item 9680, "Aircraft Days Assigned to Service—Carrier's Equipment" shall reflect owned and rented aircraft in the possession of the air carrier used

clusive, with the type of aircraft to which related indicated at the head of each column. Departures in nonpassenger services shall be reported as if for a distinct aircraft type.

(i) Column 11 "Passenger Enplanements"—All Services—Total Enplanements shall reflect for each on-line airport the total of all revenue passengers enplaned, including originating, stopover, and transfer passengers, in scheduled and nonscheduled services.

(j) Column 12 "Passenger Enplanements"—Scheduled Service—Total Enplanements shall reflect for each on-line airport the total of all revenue passengers enplaned in scheduled service, including originating, stopover, and transfer passengers.

(k) Column 13 "Passenger Enplanements"—Scheduled Service—Originations shall reflect for each on-line airport the number of revenue passengers commencing an on-line journey in scheduled service. (See section 03 for further definition.)

(l) Columns 14 through 18 "Mail Express and Freight Originations (Tons)—Scheduled Service" shall reflect for each airport the revenue tons of priority, non-priority, and foreign mail, express, and freight placed in transit in scheduled service. Such traffic shall be reported only at the airport from which originally dispatched in the carrier's operations. Fractional tons shall be computed to two places beyond the decimal point.

Schedule T-5—Passenger Loads by Segment—Local Service Air Carriers

(a) This schedule shall be filed monthly by each local service air carrier. However, upon approval by the Board, a carrier may submit the information required on its own continuous-feed machine forms.

(b) In column 1 headed "Segment No." insert the number of the segment as designated in the Certificate of Public Convenience and Necessity.

(c) In columns 2 and 3 headed "Pairs of Points" insert the letter codes for each pair of points consecutively served on the designated segment. If the segment has been modified by Board authorization, include also any pairs between which consecutive service is rendered under the modification. Identify by asterisks the terminals which begin and end the linear description of the segment

as it appears in the certificate. If the segment terminals have been modified by Board authorization, such terminals shall be identified instead of those designated in the certificate. Where a pair of points is common to more than one segment, the related data shall be repeated for each such segment. Each flight conducted pursuant to exemption authority from a point on one segment named in the certificate to a point on another segment shall be reported as a flight belonging to that segment over which the longer portion of such flight is conducted.

(d) In column 4 headed "Number of One-way Flights Scheduled" enter the number of one-way flights, excluding extra sections, scheduled between the pairs of points indicated in the two previous columns.

(e) In column 5 headed "Revenue Aircraft Miles" enter the revenue aircraft miles actually operated during the month on all revenue flights, including extra sections, between the pairs of points indicated, regardless of (1) whether such flights also operated between other pairs of points on the segment, and (2) whether the flights also served points on other segments.

(f) In column 6 headed "Revenue Passenger—Miles" enter the revenue passenger-miles traveled during the month by all revenue passengers between the pairs of points indicated.

(g) In columns 7 and 8 headed "Average Passenger Loads" enter the average number of passengers carried per flight between each pair of points, for the month and the 12 months ending with the reporting month, respectively.

(h) Below the last pair of points reported for any segment insert the words "Segment Total" and record the appropriate totals for columns 5 through 8. "Segment Totals" for average passenger loads reported in columns 7 and 8 for the month and 12-months to date shall be derived by dividing the total revenue passenger-miles by the total revenue aircraft miles for the segment.

(i) Show all averages to one decimal place.

(j) After each "Segment Total," skip a line before recording the next segment.

Schedule T-6—Passenger Loads by Flight—Local Service Air Carriers

(a) This schedule shall be filed monthly by each local service air carrier.

However, upon approval by the Board, a carrier may submit the information required on its own continuous-feed machine forms.

(b) In column 1 headed "Flight No." enter the number of each flight operated during the month. If the routing of a particular flight was changed during the month but the number designation remained the same, report each different full routing as a separate flight.

(c) In column 2 headed "No. of Trips Operated" show the number of times the flight actually operated during the month (count extra sections as separate flights).

(d) In columns 3 and 4 under "Points Served" enter the letter codes for each consecutive pair of points on the flight.

(e) In column 5 headed "Average Passenger Loads" enter the average number of revenue passengers carried on the flight during the month between each pair of points listed in the two previous columns.

(f) Below the last pair of points reported for each flight insert the words "Flight Total" and in the column headed "Average Passenger Loads" enter the average number of revenue passengers carried on the flight for the month. These averages shall be derived by dividing (1) the total number of revenue passenger-miles accumulated on the flight by (2) the total number of revenue aircraft miles accumulated on the flight.

(g) Show all averages to one decimal place.

(h) After each "Flight Total," skip a line before recording the next flight.

Where the CAB Form is used, continue the report in the second set of columns on the right side of the form.

Schedule T-7—Domestic Deferred Airfreight

(a) This schedule shall be filed by each air carrier having currently effective deferred airfreight tariffs on file with the Board.

(b) Under the heading "Deferred Airfreight Totals for Current Month," enter the total number of shipments enplaned; the total weight of such shipments in tons; total ton-miles carried; and total revenues earned.

(c) In column 1 under the subheading "Deferred Airfreight Service Provided" list the names of the ten cities originating the largest deferred airfreight tonnage; and, separately, under the subheading "Deferred Airfreight Service Not Provided" list the names of the ten cities originating the largest airfreight tonnage, at which deferred airfreight service is not provided.

(d) In column 2 enter the tons of deferred airfreight enplaned during the current month opposite each city listed in column 1 under the subheading "Deferred Airfreight Service Provided."

(e) In column 3 enter the tons of regular airfreight enplaned during the current month opposite each city listed in column 1 under the subheadings "Deferred Airfreight Service Provided" and "Deferred Airfreight Service Not Provided."

Section 26—General Corporate Elements

Schedule G-41—Persons Holding More Than 5 per centum of Respondent's Capital Stock or Capital

(a) This schedule shall be filed by all air carrier groups.

(b) This schedule shall reflect the name, address and number of shares of each class of stock held by all persons holding more than five (5) per centum of the issued and outstanding capital stock or, in cases of unincorporated business enterprises, more than five (5) per centum of the total invested capital of the reporting carrier as of the close of the year.

(c) Column 3, "Held for Own Account" shall reflect by either of the words "yes" or "no," whether or not the interest is held for the account of the person named in column 1. In cases where the answer is "no" the name and address of the persons for whose account the interest is held shall be indicated by footnotes.

Schedule G-42—Compensation and Expenses of all General Officers and Directors and of Management Personnel Receiving \$20,000 or More per Annum for Personal Services

(a) This schedule shall be filed by all air carrier groups.

(b) The indicated data shall be reported individually for each elective corporate officer, executive and director. The dates to be reported in column 3 shall be the dates each such elective officer, executive and director was first elected to the office held at the date of the report. Reports shall be made in aggregate for all management personnel receiving compensation for personal services of \$20,000 or more per annum. The name of each elective officer, executive and director and the number of management personnel receiving \$20,000 or more per annum shall be entered in column 1; the annual compensation and reimbursed expenses paid during the calendar year to each officer, executive

and director, and the aggregate thereof for all such management personnel, shall be entered in columns 5, 6, and 7 respectively; and the upper and lower limits in the range of compensation and expenses paid to management personnel shall be separately stated in such columns 5, 6, and 7.

(c) Management personnel shall include all general supervisory and administrative personnel not directly responsible for the in-flight operation of aircraft or engaged directly in the performance of maintenance activities. Management personnel, as distinguished from elective officers and directors, for whom report is to be made shall include those who received \$20,000 or more compensation for personal services during the previous calendar year and those initially employed during the current calendar year at an annual compensation rate of \$20,000 or more.

(d) Indirect compensation in column 6 shall include payments made by persons holding management contracts providing for management of, or services to, the air carrier or its associated companies.

(e) Expenses borne by the air carrier to be reported in column 7, shall include all reimbursements to the persons listed in column 1, regardless of whether for goods or services used by the persons listed or by others; whether in the form of per diem or other allowances, or reimbursement for specific expenditures; and whether for amounts reimbursed directly to the persons listed or, except for standby hotel or other facilities maintained for the air carrier's personnel generally, indirectly through vendors who bill the air carrier directly.

(f) Columns 8 through 11 shall reflect securities of the air carrier owned by officers, directors, or management personnel as at December 31. Column 8 shall reflect the class of capital stock, bonds or other securities of the air carrier owned; columns 9 and 10, respectively, shall reflect the number of shares of stock held in the name of, or for the account of, each general officer, and di-

rector, and all management personnel receiving \$20,000 or more per annum; and column 11 shall reflect the principal amount of bonds or other securities held in the name of, or for the account of, each general officer and director and all management personnel receiving \$20,000 or more per annum for personal services.

Schedule G-43—Compensation and Expenses of Persons and Firms (Other than Directors, Officers and Employees) Receiving \$5,000 or More During the Calendar Year

(a) This schedule shall be filed by all air carrier groups.

(b) The indicated data shall be reported for each person or firm, other than directors, officers and employees of the air carrier, receiving compensation or expense reimbursements of \$5,000 or more during the calendar year.

(c) Compensation and expenses to be reported in this schedule shall include fees, retainers, gifts, commissions, contributions, allowance for expenses or any form of payments amounting in the aggregate to \$5,000 or more during the year. In addition to expense reimbursements paid directly to the recipients reflected in column 1, this schedule shall include expenses incurred by the persons or firms named in column 1 which have been paid directly to vendors by the air carrier. Expenses to be reported in this schedule shall encompass payments such as for legal, medical, engineering, advertising, accounting, statistical, educational, or charitable purposes but shall exclude payments for services which both as to their nature and amount may reasonably be regarded as ordinarily connected with the routine physical operation or maintenance of an air carrier such as payments for rent of buildings or property, for heat, light, power, telegraph, and telephone or payments to other carriers for interchange of equipment or settlement of interline traffic balances.

(d) "Persons or firms" shall be construed to mean individuals, partnerships, corporations or other legal entities.

Schedule G-44—Corporate and Securities Data

(a) This schedule shall be filed by all air carrier groups.

(b) The information to be reported shall be prepared in accordance with the instructions on the schedule.

Section 27—National Defense Elements

Schedule D-1—Services Performed for the Defense Establishment

(Memorandum of Services Included in Other Schedules)

(a) This schedule shall be filed by all air carrier groups whether or not services performed for the defense establishment are separately reported in accordance with section 21.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Item 1 or item 2 shall be checked, as appropriate, to indicate the status of the operating entity with respect to services performed for the defense establishment.

(d) The volume of services performed for the defense establishment shall be indicated, where item 2 has been checked, by inserting the required information. These data shall not include transportation performed in the air carrier's regularly scheduled transport services. Item 2A, "Gross revenues, fees, and reimbursements," shall include, for services performed for the defense establishment, all gross revenues and fees, together with reimbursements of expenses which are properly chargeable against income under the principles reflected in this system of accounts. Hours and miles flown in transport services shall be reported by aircraft type in columns 1 and 2 of item 2C.

(e) Where defense services are separately reported in accordance with section 21 "Introduction to Systems of Reports, the reporting of data for items 2C, 2D, 2E, and 2F will not be required. [F.R. Doc. 61-4306; Filed, May 16, 1961; 8:45 a.m.]

