mality. Since the FAA had determined that an improperly secured cargo door would manifest itself during the initial phases of pressurization following take-off, this need not be required by the AD. Accordingly, the AD is revised to clearly state that the AD requires depressurization of the airplane only if an abnormality in pressurization is observed during the initial phases of pressurization. Furthermore, the FAA has determined that the requirements contained in paragraph 2. of the March 7, 1974 telegram that pertain to checking of the cargo doors for security before each flight are unnecessarily restrictive. Compliance with paragraph 2. requires the opening of cargo doors that need not otherwise be opened and that have previously been checked for security in compliance with the AD. Accordingly, paragraph 2. of the AD is amended to require that doors known not to have been opened since last checked need only be checked from the outside before subsequent flights. Finally, a number of non-substantive editorial changes have been made. Since these amendments clarify requirements or relax unintended restrictions, notice and public procedure thereon are unnecessary and good cause exists for making them effective in less than 30 days.

Since it was found that immediate corrective action was required, notice and public procedure thereon was impracticable and contrary to the public interest and good cause existed for making the AD and the amendment of the AD effective immediately as to all known U.S. operators of McDonnell-Douglas DC-10 series airplanes by individual telegrams dated March 7, 1974, and March 22, 1974. These conditions still exist and the AD, as amended, is hereby published in the FEDERAL REGISTER as an amendment to § 39.13 of the Federal Aviation Regulations to make it effective as to all persons.

(Sec. 313(a), 601, and 603 of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, and 1423); sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)))

MCDONNELL-DOUGLAS. Applies to all McDonnell-Douglas DC-10 Series Airplanes

Compliance required as indicated:

To prevent possible in-flight depressurization of the airplane that might result from the opening of an improperly secured cargo door, accomplish the following:

1. Prior to further flight, unless already accomplished, perform the modifications and functional checks referenced below as follows:

(A) Install inspection ports and placards in all cargo doors and perform functional check of door systems and operation in accordance with McDonnell-Douglas Alert Service Bulletin A52-35 dated June 19, 1972, or later FAA-approved revisions.

(B) Modify all cargo door latch actuator wiring in accordance with McDonnell-Douglas Service Bulletin 52-27 dated May 30, 1972, or later FAA-approved revisions.

(C) Except for those aircraft which have been modified in accordance with McDonnell-Douglas Service Bulletin 52-49 dated October 25, 1973, or later FAA-approved revisions, replace the strike plate and adjust the switches on all forward, center, and aft cargo doors and install a support and plate on the aft cargo door in accordance with McDonnell-Douglas Service Bulletin 52-37 dated July 3, 1972, or later FAA-approved revisions.

2. Prior to each flight, a flight crewmember shall—

(A) Check each cargo door that has been opened since last checked, for proper security as follows:

(1) Ensure that the cargo restraint curtain is in proper position.

(2) Ensure that no foreign matter is in the exposed door locking mechanisms.

(3) Ensure that locking mechanisms are in proper positions.

(4) Ensure proper locking pin placement by visual check through inspection ports;

(B) Check each cargo door known not to have been opened since last checked in compliance with paragraph 2.(A) of this AD, for proper security as follows:

(1) Ensure that locking mechanisms are in proper positions.

(2) Ensure proper locking pin placement by visual check through inspection ports; and

(C) Ensure all cargo door warning lights are extinguished prior to taxi.

3. If any abnormality in pressurization of the airplane is observed during the initial phases of pressurization, initiate descent and depressurization of the airplane and land at the nearest suitable airport.

4. The checks required by this AD are to be accomplished by a flight crewmember notwithstanding any other requirements of the Federal Aviation Regulations.

5. Notwithstanding the requirements set forth in paragraph 1. of this AD the airplane may be flown in accordance with § 21.197 of the Federal Aviation Regulations to a base where the modifications can be performed.

6. Within the next 30 days after the effective date of this AD accomplish the cargo door warning system wiring changes in accordance with McDonnell-Douglas Service Bulletins 52-43 dated October 5, 1972, and 52-44, Revision 1, dated August 14, 1973, or later FAA-approved revisions.

7. On or before July 1, 1974, accomplish the cargo door latching mechanism and warning system rework in accordance with McDonnell-Douglas Service Bulletin 52-49, Revision 1, dated March 15, 1974, or later FAA-approved revisions.

8. On or before July 1, 1974, install cargo door limit switch covers in accordance with McDonnell-Douglas Service Bulletin 52-54 revision 1, dated April 14, 1973, or later FAA-approved revisions.

9. In lieu of compliance with the provisions of any of the above requirements, operators may comply with requirements approved by the Chief, Aircraft Engineering Division, FAA Western Region.

NOTE.—Simultaneous with the issuance of the AD, principal air carrier operations inspectors assigned to U.S. DC-10 operators will initiate action to amend the approved air carrier training programs to assure that required flight crewmembers are thoroughly familiar with, and indoctrinated in, the operation of locking cargo doors including:

A. Observation of operation of locking mechanism from the interior.

B. Method of visual check to ensure engagement of locking pins through exterior inspection ports and related mechanism.

This amendment is effective April 2, 1974, as to all persons except those persons to whom certain provisions of this amendment were made immediately effective by the telegrams dated March 7, 1974 and March 22, 1974, and the provisions of this amendment not included in those telegrams are effective as to those persons April 2, 1974.

Issued in Washington, D.C., on March 28, 1974.

JAMES F. RUDOLPH,
Director,
Flight Standards Service.

[FR Doc.74-7594 Filed 4-1-74;8:45 am]

[Airworthiness Docket No. 74-WE-8-AD; Amdt. 39-1804]

PART 39—AIRWORTHINESS DIRECTIVES

McDonnell Douglas Model DC-10 Series

The agency has received a report, that during an emergency evacuation after a DC-10 landing accident, a forward R.H. passenger door failed to operate. In another case, during a routine pneumatic function check of the L.H. forward passenger door, the door handle could not be moved into the emergency position, preventing operation of the door in the emergency mode. Deformation of the forward passenger door emergency air bottle actuating crank stop bracket caused the failure of the door. This condition allowed the air bottle actuating crank to move past its normal stop position, allowing a malfunction in door operation.

Since the condition is likely to exist or develop in other airplanes of the same type design, an airworthiness directive is being issued to require certain inspections and/or rework, tests and/or replacement of defective parts.

Since a situation exists that requires immediate adoption of this regulation, it is found that notice and public procedure hereon are impractical and good cause exists for making this amendment effective in less than 30 days.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (31 FR 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

MCDONNELL DOUGLAS. *Applies to DC-10 Series Airplanes, Fuselage Numbers 1 through 92.*

Compliance required as indicated.

To assure proper alignment of, and detect deformed stop bracket P/N ABA8048-41/-42, accomplish the following:

(a) Within 100 hours' time in service after the effective date of this AD, unless already accomplished, inspect all forward passenger door air bottle assemblies. If the stop bracket is bent open more than 5 degrees from its normal 90 degree right angle position, replace with a serviceable stop bracket and conduct a door pneumatic functional check before further flight.

(b) Reinspect forward passenger door air bottle assemblies per (a) above, following any resetting and charging of forward passenger door air bottles.

(c) Within 1500 hours' additional time in service after the effective date of this AD, unless already accomplished, replace stop bracket P/N ABA8048-41/-42 with a new stop bracket not subject to deformation. The

Chief, Aircraft Engineering Division, FAA Western Region, must approve the design and installation of the new bracket.

NOTE: The new bracket is now under development by the manufacturer.

(d) Aircraft may be flown to a base for performance of the maintenance required per this AD in accordance with FAR's 21.197 and 21.199.

This amendment becomes effective April 4, 1974.

(Secs. 313(a), 601, and 603 of the Federal Aviation Act of 1958 (49 U.S.C. 1354(a), 1421, and 1423); sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)))

Issued in Los Angeles, California on March 22, 1974.

ROBERT O. BLANCHARD,
Acting Director,
FAA Western Region.

[FR Doc.74-7476 Filed 4-1-74;8:45 am]

[Airspace Docket No. 74-NW-07]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Control Zone

The purpose of this amendment to Part 71 of the Federal Aviation Regulations is to alter the description of the Ephrata, Washington Control Zone so the effective hours of the Control Zone may vary with the operating hours of the Ephrata Flight Service Station.

The Ephrata, Washington Control Zone is based upon communications and weather observation provided by the Ephrata FSS. Thus, if the hours of the FSS operation change, the effective hours of the Control Zone would change.

Since this alteration is minor in nature and imposes no additional burden on the public, notice and public procedures hereon are unnecessary and the amendment may be made effective in less than 30 days.

In consideration of the foregoing, in § 71.171 (39 FR 354) the description of the Ephrata, Washington Control Zone is amended by adding the following:

* * * This control zone is effective during specific dates and times established in advance by Notice to Airmen. The effective date and time will, thereafter, be continuously published in Airman's Information Manual.

Effective date. This amendment shall be effective 0901 G.m.t. April 5, 1974.

(Sec. 307(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1348); sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c))

Issued in Seattle, Washington on March 25, 1974.

C. B. WALK, Jr.,
Director, Northwest Region.

[FR Doc.74-7477 Filed 4-1-74;8:45 am]

[Airspace Docket No. 74-WE-1]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Transition Area

On February 8, 1974 a notice of proposed rule making was published in the FEDERAL REGISTER (39 FR 4928) stating that the Federal Aviation Administration was considering an amendment to Part 71 of the Federal Aviation Regulations that would alter the description of the Red Bluff, California transition area.

Interested persons were given 30 days in which to submit written comments, suggestions, or objections. No objections have been received and the proposed amendment is hereby adopted without change.

Effective date. This amendment shall be effective 0901 G.m.t., May 23, 1974.

This amendment is issued under the authority of sec. 307(a) of the Federal Aviation Act of 1958, as amended, (49 U.S.C. 1348(a)), and of sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c)).

Issued in Los Angeles, California, on March 22, 1974.

ROBERT O. BLANCHARD,
Acting Director,
Western Region.

RED BLUFF, CALIF.

That airspace extending upward from 700 feet above the surface within a 5-mile radius of Redding Municipal Airport (latitude 40°30'35" N., longitude 122°17'30" W.), within 2 miles W and 4 miles E of the Redding VOR 192° radial, extending from the 5-mile radius area to 10 miles S of the VOR, within 2 miles each side of the Redding ILS localizer N course, extending from the 5-mile radius area to 8 miles N of the threshold of Runway 16, excluding the portions within a 1-mile radius of Redding Sky Ranch Airport (latitude 40°30'00" N., longitude 122°22'35" W.), and Enterprise Sky Park (latitude 40° 34'26" N., longitude 122°19'30" W.), and within 2 miles each side of the Red Bluff VORTAC 347° radial extending from the VORTAC to 11.5 miles N of the VORTAC, that airspace extending upward from 1,200 feet above the surface within a 20-mile radius of the Red Bluff VORTAC, within 9 miles each side of the Red Bluff VORTAC 291° radial, extending from the 20-mile radius area to 52 miles W of the VORTAC; within 9 miles W and 10 miles E of the Red Bluff VORTAC 342° radial, extending from the 20-mile radius area to 67 miles N of the VORTAC, within 10 miles W and 6 miles E of the Red Bluff VORTAC 015° radial, extending from the 20-mile radius area to 56 miles N of the VORTAC. That airspace NW of Red Bluff within an arc of a 30-mile radius circle centered on Red Bluff VORTAC, extending from the N edge of V-195 to the W edge of the V-23 and that airspace north of Redding within an arc of a 23-mile radius circle centered on Redding VOR, extending from the E edge of V-23 to the W edge of V-25.

[FR Doc.74-7474 Filed 4-1-74;8:45 am]

[Airspace Docket No. 74-SO-21]

PART 71—DESIGNATION OF FEDERAL AIRWAYS, AREA LOW ROUTES, CONTROLLED AIRSPACE, AND REPORTING POINTS

Alteration of Transition Area

On March 6, 1974, a notice of proposed rule making was published in the FEDERAL REGISTER (39 FR 8632), stating that the Federal Aviation Administration was considering an amendment to Part 71 of the Federal Aviation Regulations that would alter the Hattiesburg, Miss., transition area.

Interested persons were afforded an opportunity to participate in the rule making through the submission of comments. All comments received were favorable.

In consideration of the foregoing, Part 71 of the Federal Aviation Regulations is amended, effective 0901 G.m.t., August 15, 1974, as hereinafter set forth.

In § 71.181 (39 FR 440), the Hattiesburg, Miss., transition area is amended as follows:

"* * * 8.5-miles northwest of the RBN * * *" is deleted and "* * * 8.5 miles northwest of the RBN; within an 8.5-mile radius of Pine Belt Regional Airport (latitude 31°28'03" N, longitude 89°20'11.6" W); within 3 miles each side of the Hattiesburg VORTAC 182° radial, extending from the 8.5-mile radius area to 8.5 miles south of the VORTAC * * *" is substituted therefor.

(Sec. 307(a) of the Federal Aviation Act of 1958 (49 U.S.C. 1348(a)); Sec. 6(c) of the Department of Transportation Act (49 U.S.C. 1655(c))

Issued in East Point, Ga., on March 22, 1974.

DUANE W. FREER,
Acting Director,
Southern Region.

[FR Doc.74-7475 Filed 4-1-74;8:45 am]

CHAPTER II—CIVIL AERONAUTICS BOARD

SUBCHAPTER A—ECONOMIC REGULATIONS

[Reg. ER-841; Amdt. No. 12]

PART 241—UNIFORM SYSTEM OF ACCOUNTS AND REPORTS FOR CERTIFICATED AIR CARRIERS

Transport-Related Revenues and Expenses

By circulation of EDR-252, dated August 28, 1973, (Docket 25837) and published at 38 FR 24223[1] the Board gave notice that it had under consideration an amendment to Part 241 of the Economic Regulations (14 CFR Part 241) which would revise the accounting and reporting requirements for operating revenues: (1) To provide for gross reporting of all operating revenues and expenses; (2) to change the name of the present functional classification "4900 Nontransport Revenues" to "4900 Transport-Related Revenues"; (3) to establish a new functional expense classification "7100 Transport-Related Expenses"; (4) to eliminate the present subclassifications "4100 Federal Subsidy" and "4600 Incidental Revenues-Net"; (5) to provide fuller disclosure of some of the items presently included in the incidental revenues subclassification; and (6) to reclassify two of the items presently included in the incidental items to other functional classifications.

Comments in response to the notice were submitted by Braniff Airways, Inc. (Braniff), Northwest Airlines, Inc. (Northwest), Pacific Airmotive Corpora-

[1] September 6, 1973.

tion (Pacific) and Southwest Airmotive Company (Southwest). Upon consideration of the comments filed, we have determined to adopt the amendments to Part 241 as proposed with only slight technical revisions to the text and Exhibits.

Braniff and Northwest generally oppose the proposed amendment, although Braniff agrees that certain changes set forth under the proposal may be necessary. For the most part, the comments object that: (1) Eliminating the netting provision is unnecessary and would bring about the distortion the Board is attempting to eliminate, (2) the existing presentation of data on Schedule P-4 of CAB Form 41 provides for full disclosure and gives the necessary breakdown needed by the Board, and (3) the changes proposed would be administratively costly.

We find these objections unpersuasive. One of the reasons for the proposed rule was that we had noted significant increases in recent years in activities which have not been separately disclosed in CAB Form 41, and it had become apparent to the Board that greater disclosure of these activities is necessary. Therefore, we proposed the transport-related classification in the contemplated rule and also decided that since the amounts related thereto were material, and the activities being performed were an important part of air carrier operations, the transport-related revenues and expenses should be appropriately disclosed on the income statement in gross amounts, as the other operating revenues and expenses are now presented. Such disclosure of gross amounts on the income statement is consistent with Form 41 reporting and will enhance the value of Schedule P-1 by making it more informative and useful to the Board and the general public in the analysis of financial statements.

While we realize that Schedule P-4 does give a breakdown of the transport-related revenues and expenses presented on Schedule P-1, it should be noted that the data are not identical in presentation and that the purpose of the former schedule is to support some of the information indicated on the income statement. Users of the Form 41 reports, in our opinion, would be more inclined to refer to the income statement for overall use since it is the primary source of revenue and expense data.

We turn next to the comments of Pacific and Southwest regarding the aircraft and engine maintenance services performed by some of the carriers. These respondents point out that many of the carriers are not fully allocating the overhead costs related to these services and are therefore not being fully reimbursed, since only a portion of the burden is included in their pricing formulas. Because of the apparent magnitude of this phase of business, Pacific and Southwest question whether the maintenance service can be considered as "incidental." Instead, they indicate that this activity may be within the scope of a separate business, and suggest that the Board should therefore give consideration to requiring greater disclosure of the revenues and expenses of maintenance service on Form 41 reports. Without passing on the validity of these comments, we do not consider them because they are beyond the scope of this proposal.

Finally, Northwest correctly pointed out that EDR-252 did not provide for the present transport revenue categories of account 04, "Security Charge," or 19, "Other Operating Revenues."[2] These omissions were inadvertent. Moreover, additional accounts 52, "Incremental Security Costs," and a liability account 2161, "Unearned Security Charges," which, like account 04, were newly established pursuant to Board Order 73-3-46, dated March 14, 1973, were also omitted by inadvertence. All of the foregoing omissions are corrected in the attached final rule.

Finally, in EDR-252 we proposed to change the name of the present functional classification "4900 Nontransport Revenues" to "4900 Transport-Related Revenues." In addition to this name change, we have also decided to renumber this new functional classification to "4800 Transport-Related Revenues." Also, Schedules P-1.1, P-1.2 and P-1(a) have been further revised to permit the separate presentation of amounts relating to "Section 406 subsidy."

This rule is being made effective March 31, 1974, so that it will be applicable to reports due May 10, 1974, for the quarter ended March 31, 1974. This should provide adequate time for achieving compliance with the rule, given the length of time between its date of publication and the prescribed due date for the quarterly report.

In consideration of the foregoing, the Civil Aeronautics Board hereby amends Part 241 of the Economic Regulations (14 CFR Part 241), effective March 31, 1974, as follows:

1. Amend the Table of Contents of the Uniform System of Accounts and Reports so that the table in pertinent part reads:

Sec.
11 Functional Classification—Operating Expenses of Group II and Group III Air Carriers.
12 Objective Classification—Operating Revenues and Expenses.
13 [Reserved]

2. Amend Section 1—*Introduction to System of Accounts and Reports*, by revising paragraphs (a) and (b) of section 1-6—Accounting entities, to read as follows:

Sec. 1-6 Accounting entities.

(a) Separate accounting records shall be maintained for each air transport entity for which separate reports to the Civil Aeronautics Board are required to be made by sections 21(i) or 31(h), as applicable, and for each separate corporate or organizational division of the air carrier. For purposes of this Uniform System of Accounts and Reports, each nontransport entity conducting an activity which is not incidental to the air carrier's transport activities and each transport-related activity or group of activities qualifying as a nontransport venture pursuant to paragraph (b) of this section, whether or not formally organized within a distinct organizational unit, shall be treated as a separately operated organizational division.

(b) As a general rule, any activity or group of activities comprising a transport-related service provided for in transport-related revenue and expense accounts 09 through 18 shall be considered a separate nontransport venture under circumstances in which either: (1) A separate corporate or legal entity has been established to perform such services, (2) the aggregate annual revenue rate, as determined in section 2-1(d), during either of the prior two years exceeds the greater of $1 million per annum or one percent of the air carrier's total annual transport revenues, or (3) the aggregate annual expense rate, as determined in section 2-1(d), during either of the prior two years exceeds the greater of $1 million or one percent of the carrier's total annual operating expenses: *Provided*, That revenues and expenses from in-flight sales, section 406 subsidy, interchange sales, and mutual aid assistance shall be considered related to air transportation and accounted for accordingly, regardless of the revenue or expense standard set forth above.

* * * * *

3. Amend Section 2—*General Accounting Policies*, by revising paragraphs (c) and (d) of Section 2—1, *Basis of allocation between entities*, to read as follows:

Sec. 2-1 Basis of allocation between entities.

* * * * *

(c) For purposes of this section, investments by the air carrier in resources or facilities used in common by the regulated air carrier activity and those transport-related revenue services defined as separate nontransport ventures under section 1-6(b) shall not be allocated between such entities but shall be reflected in total in the appropriate accounts of the entity which predominately uses the facility or resource. Where the entity of predominate use is a nontransport venture, the air carrier shall reflect the investment in account 1520, Advances to Nontransport Divisions.

(d) For purposes of this Uniform System of Accounts and Reports, all revenues shall be assigned to or apportioned between accounting entities on bases which will fully recognize the services provided by each entity, and expenses, or costs, shall be apportioned between accounting entities on such bases as will re-

[2] Northwest's comments also include a general objection to the Board's adoption of accounting and reporting requirements for which "no essential need" has been found. In fact, the Board is careful to base every reporting requirement on a finding of actual regulatory need, and we thus cannot agree that Northwest's objection is well taken.

sult: (1) With respect to transport-related services, in the assignment thereto of proportionate direct overheads, as well as direct labor and materials, of the applicable expense functions prescribed by this system of accounts and reports, and (2) with respect to separate ventures, in the assignment thereto of proportional general and administrative overheads as well as the direct overheads, labor, and materials.

* * * * *

4. Amend Section 3—*Chart of Balance Sheet Accounts*, the amended chart to read in pertinent part as follows:

Section 3—Chart of Balance Sheet Accounts

Name of account	General classification
* * * * *	* *
	Operating / Non-operating
* * * * *	* *
	General classification
* * * * *	* *
Current liabilities:	
* * * * *	* *
Unearned transportation revenue	2160
Unearned security charges	2161
Other current liabilities	2190
Noncurrent liabilities:	
* * * * *	* *

5. Amend Section 6—*Objective Classification of Balance Sheet Elements* by inserting the following account following account 2160 and before account 2190:

2161 Earned Security Charges.

(a) Record here balances representing the value of any assessed security charges which are unused at the end of each month.

(b) Earned security charges shall be consistently and periodically cleared by debit to this account and credited to profit and loss revenue account 04 Security Charges.

6. Amend Section 7—*Chart of Profit and Loss Accounts*, the amended chart to read in pertinent part as follows:

PROFIT AND LOSS CLASSIFICATION

Section 7—Chart of Profit and Loss Accounts

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 AND EXPENSES			
Transport revenues:			
01 Passenger.			
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.			
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.
04 Security Charges	31, 32	31, 32	31, 32.
06 Property.			
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.			
07.1 Passenger	32	32	32.
07.2 Property	32	32	32.
19 Other Operating Revenues.			
19.1 Reservation cancellation fees	31, 32	31, 32	31, 32.
19.9 Miscellaneous operating revenues	31, 32	31, 32	31, 32.
Transport-related revenues and expenses:			
08 Section 406 subsidy	48	48	48.
09 In-flight sales.			
09.1 Liquor and food—gross revenues	48	48	48.
09.2 Movies and stereo—gross revenues	48	48	48.
09.3 Other—gross revenues	48	48	48.
09.4 Liquor and food—depreciation expense	71	71	71.
09.5 Liquor and food—other expense	71	71	71.
09.6 Movies and stereo—depreciation expense	71	71	71.
09.7 Movies and stereo—other expense	71	71	71.
09.8 Other—depreciation expense	71	71	71.
09.9 Other—expense	71	71	71.
10 Restaurant and food service (Ground).			
10.1 Gross revenues	48	48	48.
10.2 Depreciation expense	71	71	71.
10.3 Other expenses	71	71	71.
11 Rents			
11.1 Gross revenues	48	48	48.
11.2 Depreciation expense	71	71	71.
11.3 Other expenses	71	71	71.
12 Limousine service.			
12.1 Gross revenues	48	48	48.
12.2 Depreciation expense	71	71	71.
12.3 Other expenses	71	71	71.
13 Interchange Sales.			
13.1 Associated companies—gross revenues	48	48	48.
13.2 Outside—gross revenues	48	48	48.
13.3 Associated companies—depreciation expense	71	71	71.
13.4 Associated companies—other expense	71	71	71.
13.5 Outside—depreciation expense	71	71	71.
13.6 Outside—other expense	71	71	71.

Objective classification of profit and loss elements	Functional or financial activity to which applicable (00)		
	Group I carriers	Group II carriers	Group III carrier
14 General service sales.			
14.1 Associated companies—gross revenues	48	48	48.
14.2 Outside—gross revenues	48	48	48.
14.3 Associated companies—depreciation expense	71	71	71.
14.4 Associated companies—other expense	71	71	71.
14.5 Outside—depreciation expense	71	71	71.
14.6 Outside—other expense	71	71	71.
15 Mutual aid.			
15.1 Receipts	48	48	48.
15.2 Payments	71	71	71.
16 Substitute (replacement) service.			
16.1 Gross revenues	48	48	48.
16.2 Expense	71	71	71.
17 Air cargo service.			
17.1 Gross revenues	48	48	48.
17.2 Depreciation expense	71	71	71.
17.3 Other expense	71	71	71.
18 Other transport related items.			
18.1 Gross revenues	48	48	48.
18.2 Depreciation expense	71	71	71.
18.3 Other expense	71	71	71.
* * *	*	*	* *
Transport expenses:			
21 General management personnel	53, 69	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, 55	51, 55.
25 Maintenance labor.			
25.1 Labor—airframes		52	52.
25.2 Labor—aircraft engines		52	52.
25.3 Labor—other flight equipment		52	52.
25.6 Labor—flight equipment	52		
25.9 Labor—ground property and equipment	52, 53	52, 53	52, 53.
* * *	*	*	* *
75.9 General ground property	70	70	70.
76 Foreign exchange fluctuation adjustments	68	68	68.
77 Uncleared expense credits.			
* * *	*	*	* *
28 Trainees, instructors and unallocated shop labor.			
28.1 Trainees and instructors	51, 53, 69	51, 53, 55, 64, 67, 68.	51, 53, 55, 61, 62, 63, 65, 66, 68.
28.2 Unallocated shop labor	53	53	53.
30 Communications personnel	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68.
31 Recordkeeping and statistical personnel	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68.
32 Lawyers and law clerks	69	68	68.
33 Traffic solicitors	69	67	65.
34 Purchasing personnel	53, 69	53, 68	53, 68.
35 Other personnel	53, 69	53, 55, 64, 67, 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.
37 Communications purchased	53, 69	53, 55, 64, 67, 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.
39 Traffic commissions	69		
39.1 Commissions—passenger		67	65.
39.2 Commissions—property		67	65.
40 Legal fees and expenses	69	68	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.
42 General services purhcased—associated companies.			
42.1 Airframe repairs—associated companies		52	52.
42.2 Aircraft engine repairs—associated companies		52	52.
42.3 Other flight equipment repairs—associated companies.		52	52.
42.6 Flight equipment repairs—associated companies.	52		
42.7 Aircraft interchange charges—associated companies.	51, 52	51, 52	51, 52.
42.8 General interchange service charges—associated companies.	52, 69	52, 55, 64, 67, 68	52, 55, 61, 62, 63, 65, 66, 68.
42.9 Other services—associated companies	52, 53, 69	52, 53, 55, 64, 67, 68.	52, 53, 55, 61, 62, 63, 65, 66, 68.
43 General services purchased—outside.			
43.1 Airframe repairs—outside		52	52.
43.2 Aircraft engine repairs—outside		52	52.
43.3 Other flight equipment repairs—outside		52	52.
43.6 Flight equipment repairs—outside	52		
43.7 Aircraft interchange charges—outside	51, 52	51, 52	51, 52.
43.8 General interchange service charges—outside	52, 69	52, 55, 64, 67, 68	52, 55, 61, 62, 63, 65, 66, 68.
43.9 Other services—outside	52, 53, 69	52, 53, 55, 64, 67, 68.	52, 53, 55, 61, 62, 63, 65, 66, 68.
44 Landing fees	69	64	61.
45 Aircraft fuels and oils	51		
45.1 Aircraft fuels		51	51.
45.2 Aircraft oils		51	51.
46 Maintenance materials:			
46.1 Airframes		52	52.
46.2 Aircraft engines		52	52.
46.3 Other flight equipment		52	52.
46.6 Flight equipment	52		
46.9 Ground property and equipment	52, 53	52, 53	52, 53.
47 Rentals	51, 53, 69	51, 53, 55, 64, 67, 68.	51, 53, 55, 61, 62, 63, 65, 66, 68.

Objective classification of profit and loss elements	Functional or financial activity to which applicable (00)		
	Group I carriers	Group II carriers	Group III carriers
49 Shop and servicing supplies	53, 69	53, 64	53, 61.
50 Stationery, printing, and office supplies	53, 69	53, 55, 64, 67, 68	53, 55, 61, 62, 63, 65, 66, 68.
51 Passenger food expense	69	55	55.
52 Incremental security costs	69	64	62.
53 Other supplies	51, 53, 69	51, 53, 55, 64, 67, 68.	51, 53, 55, 61, 62, 63, 65, 66, 68.
54 Inventory adjustments	53, 69	53, 55	53, 55.
* * *	*	*	* *

7. Amend Section 8—*General*, by changing paragraphs (d) (1) and (d) (2) to read:

(1) *Operating Revenues*. (i) This primary classification shall include revenues of a character usually and ordinarily derived from the performance of air transportation and air transportation-related services, 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 and air transportation-related services, which relate 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 shal be sub-

(ii) Operating expenses shall be subclassified in terms of functional activities as provided in sections 10 and 11.

* * * * *

8. Amend Section 9—*Functional Classification-Operating Revenues*, by deleting function 4900 and adding a new function 4800, to follow function 3900, the new function and text tc read as follows:

4800 Transport-related revenues.

(a) This classification is prescribed for all air carrier groups and shall include all revenues from the United States Government as direct grants or aids for providing air transportation facilities and all revenues from services which grow from and are incidential to the air transportation services performed by the air carrier.

(b) Revenues related to services of a magnitude or scope beyond an incidental adjunct to air transportation services shall not be included in this classification (see section 1–6(b)). Revenues 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.

4900 [Deleted]

9. Amend Section 10 — *Functional Classification-Operating Expenses of Group I Air Carriers*, and Section 11—*Functional Classification-Operating Expenses of Group II and Group III Air Carriers*, by adding to each such section a new function 7100, to follow function 7000 in each such section, the new function to read as follows:

7100 Transport-related expenses.

(a) This function shall include all expense items applicable to the generation of transport-related revenues included in section 9, Function 4800.

(b) Such expense related to services of a magnitude or scope beyond an incidental adjunct to air transportation services shall not be included in this function (see section 1–6(b)). Expenses applicable to the generation of such revenues 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 function shall also include expenses representing increases in costs incurred in common with the air transport service, to the extent such increases result from the added transport-related 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 function shall not include those expenses, other than joint facilities costs, which would remain as an essential part of the air transport services if the transport-related services were terminated.

(d) In accordance with the provisions of sections 22(d) and 32(d), as applicable, each air carrier shall file with the Civil Aeronautics Board a statement of accounting procedures setting forth methods used in assigning or prorating expenses between transport-related services and transport operations.

Section 12—Objective Classification-Operating Revenues and Expenses

10. Amend Section 12—*Objective Classification-Operating Revenues*, as follows:

A. By revising the section heading to read as set forth above.

B. By revising account 00 to read:

00 General Instructions.

(a) Basic objective accounts, applicable to all air carrier groups, are established for recording all revenue and expense elements. These basic accounts are in certain areas subdivided to provide greater detail for indicated air carrier groups.

(b) Each air carrier shall credit the gross revenues accruing from services ordinarily associated with air transportation and transportation-related services to the appropriate account established for each revenue source. Expenses incident to transport and transport-related services shall be charged to the accounts established in this section in accordance with the objectives served by each expenditure. However, direct costs of forwarding traffic as a result of interrupted trips, and refunds of sales, shall be charged to the applicable revenue account.

(c) 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) transport-related services 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.

C. By inserting the following subheading between accounts 00 and 01:

TRANSPORT REVENUES

D. By inserting account 04, *Security Charges:*

04 Security Charges.

Record here the gross revenues from charges assessed each passenger to cover the cost of screening and inspection in connection with federally directed security programs.

E. By revising paragraph (b) of account 07, *Charter and Special*, to read:

07 Charter and Special.

* * * * *

(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 accounts 11, Rents; 13, Interchange Sales; or 18, Other Transport-Related Revenues and Expenses.

* * * * *

F. By inserting the following subheading before account 08, Section 406 Subsidy:

TRANSPORT-RELATED REVENUES AND EXPENSES

G. By deleting account 09, Foreign Exchange Fluctuations Adjustments, and inserting the following account.

09 In-Flight Sales.

(a) Record here revenues from and expenses related to transport-related services performed while in flight.

(b) This account shall be subdivided as follows by all air carrier groups:

09.1 Liquor and food—gross revenues.
09.2 Movies and stereo—gross revenues.
09.3 Other—gross revenues.
09.4 Liquor and food—depreciation expense.
09.5 Liquor and food—other expense.
09.6 Movies and stereo—depreciation expense.
09.7 Movies and stereo—other expense.
09.8 Other—depreciation expense.
09.9 Other—expense.

H. By revising account 10, *Hotel, Restaurant and Food Service*, to read:

10 Restaurant and Food Service (Ground).

(a) Record here revenues from and expenses related to the operation of restaurants and similar facilities, and from sales of food. (See section 12-51.)

(b) This account shall be subdivided as follows by all air carrier groups:

10.1 Gross revenues.
10.2 Depreciation expense.
10.3 Other expense.

I. By revising the caption and paragraphs (a) and (c) of account 13, *Interchange Sales—Associated Companies*, the revised account 13 to read, in part:

13 Interchange Sales.

(a) Record here the revenues or fees from and the expenses related to services provided associated companies and 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 all companies under aircraft interchange agreements.

* * * * *

(c) This account shall be subdivided as follows by all air carrier groups:

13.1 Associated companies—gross revenues.
13.2 Outside—gross revenues.
13.3 Associated companies—depreciation expense.
13.4 Associated companies—other expense.
13.5 Outside—depreciation expense.
13.6 Outside—other expense.

J. By revising account 14, *General Service Sales—Associated Companies*, the revised account 14 to read:

14 General Service Sales.

(a) Record here the revenues, commissions or fees from and expenses related to other than air transportation and aircraft interchange services provided to associated and outside companies by the air carrier. This account shall include the contractual fees or other revenues from and expenses related to services provided to associated and other companies in the operation of facilities which are used jointly with associated and other 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 and other 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 and other companies 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:

14.1 Associated companies—gross revenues.
14.2 Outside—gross revenues.
14.3 Associated companies—depreciation expense.
14.4 Associated companies—other expense.
14.5 Outside—depreciation expense.
14.6 Outside—other expense.

K. By deleting account 15, *Interchange Sales—Outside*, and inserting the following account:

15 Mutual Aid.

(a) Record here the receipts and payments under agreements with other air carriers providing for mutual financial assistance in the case of work stoppages. Gross amounts shall be recorded.

(b) This account shall be subdivided as follows by all air carriers:

15.1 Receipts.
15.2 Payments.

L. By deleting account 16, *General Service Sales—Outside*, and inserting the following account:

16 Substitute (replacement) Service.

(a) Record here revenues from and expenses related to substitute service. This account shall include as revenues all monies received from substitute carriers and as expense all monies paid to substitute carriers.

(b) This account shall be subdivided as follows by all air carrier groups:

16.1 Gross revenue.
16.2 Expense.

M. By revising the caption and paragraphs (a) and (b) of account 18, *Other Incidental Revenues*, the revised account 18 to read, in part:

18 Other Transport-Related Revenues and Expenses.

(a) Record here revenues from and expenses related to transport-related 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 transportation accrues directly to, and the responsibility for providing transportation is that of, other air carriers; and the revenues and expenses incident to vending machines, parcel rooms, storage facilities, etc.

(b) [Reserved]

* * * * *

11. Amend Section 13—*Objective Classification—Operating Expenses*, as follows:

A. By deleting the section heading and inserting the following subheading after Section 12, account 19:

TRANSPORT EXPENSES

00 [Deleted]

B. By deleting account 00, General Instructions.

C. By revising account 51, Passenger Food Expenses, to read:

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, Restaurant and Food Service (Ground), on bases which appropriately allocate the cost of food served passengers, the cost of food provided employees without charge and the cost of food sold.

D. By inserting a new account 76, *Foreign Exchange Fluctuation Adjustments*, between accounts 75 and 77, as follows:

76 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 a profit and loss account 85, Foreign Exchange Adjustments.

E. By inserting, following the entire text of section 12, as herein revised, a caption indicating that section 13 has been deleted and reserved, as follows:

Section 13 [Reserved]

12. Amend Section 22—*General Reporting Instructions*, as follows:

A. By revising paragraph (a), in pertinent part, to read:

Section 22—General Reporting Instructions

(a) * * *

Schedule No.	Schedule title	Filing frequency
*	* * *	*
P-4	Transport-Related Revenues and Expenses; Explanation of Special Items, Explanation of Deferred Federal Income Tax Adjustments, Dividends Declared and Retained Earnings Adjustments.	Do.
*	* * *	*

B. By revising paragraph (d)(10) to read:

(d) * * *

(10) Procedures for assigning or prorating expenses between transport-related services and transport operations, as prescribed by section 10-7100 or 11-7100.

* * * * *

13. Amend Section 24—*Profit and Loss Elements*, by revising the hearing and paragraphs (a) through (e) of the Schedule P-4 section, to read as follows:

* * * * *

Schedule P-4—*Transport-Related Revenues and Expenses; 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 route air carriers.

(b) Separate sets of this schedule shall be filed for each separate operating entity of the air carrier.

(c) Transportation-related operations shall be reported in this schedule in conformance with instructions in section 9-4800, Transport-Related Revenues, and sections 10-7100 and 11-7100, Transport-Related Expenses.

(d) [Reserved].

(e) The totals of transport-related gross revenues and gross expenses reported in this schedule shall agree with the corresponding amounts reported for classifications 4800 and 7100 on Schedule P-1.

* * * * *

14. Amend Section 32—*General Reporting Instructions*, as follows:

A. By revising paragraph (a), in pertinent part, to read:

(a) * * *

Schedule No.	Schedule title	Filing frequency
*	* * *	*
P-3.1	Transport Revenues	Do.
P-4	Transport-Related Revenues and Expenses; Explanation of Special Items; Explanation of Deferred Federal Income Tax Adjustments, Dividends Declared and Retained Earnings Adjustments.	Do.
*	* * *	*

B. By revising paragraph (d)(9) to read:

(d) * * *

(9) Procedures for assigning or prorating expenses between transport operations and transport-related operations, as prescribed by section 10-7100 or 11-7100.

* * * * *

15. Amend Schedules B-1, P-1.1, P-1.2, P-1(a), P-2(a), P-3, P-6, P-7, and P-8 of Form 41 to reflect the foregoing changes in accounting, as shown in Exhibits A, B, C, D, E, F, H, I, and J.[3]

16. Amend Schedule P-4 of Form 41 to provide more detailed disclosure of transport-related revenues and expenses, as shown in Exhibit G.[3]

(Secs. 204(a) and 407 of the Federal Aviation Act of 1958, as amended, 72 Stat. 743 and 766; 49 U.S.C. 1324, 1377).

By the Civil Aeronautics Board.

Effective: March 31, 1974.

Adopted: February 27, 1974.

[SEAL] PHYLLIS T. KAYLOR, *Acting Secretary.*

NOTE: The reporting requirements herein have been approved by the General Accounting Office in accordance with the Federal Reports Act of 1942, as amended.

[FR Doc.74-7550 Filed 4-1-74;8:45 am]

[3] Exhibits A-J are filed as part of the original document.

Title 15—Commerce and Foreign Trade

CHAPTER IX—NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, DEPARTMENT OF COMMERCE

PART 923—COASTAL ZONE MANAGEMENT PROGRAM DEVELOPMENT GRANTS, ALLOCATION OF FUNDS TO STATES

Notice is hereby given of the establishment of rules and regulations regarding allocation of coastal zone program development grants to State governments pursuant to section 305(e) of the Coastal Zone Management Act of 1972 (Public Law 92-583; 86 Stat. 1280).

Under section 305 of the Act, the Secretary of Commerce is authorized to make annual grants to any coastal State for the purpose of assisting in the development of a management program for the land and water resources of its coastal zone. Such grants shall not exceed 66⅔ percent of the costs of the program in any one year and no State shall be eligible to receive more than three annual grants under section 305. In addition, no grant may be made under this section in excess of 10 percent nor less than 1 percent of the total amount appropriated under this section.

Section 305(e) of the Act states in part:

> Grants under this section shall be allocated to the States based upon rules and regulations promulgated by the Secretary * * *

The rules and regulations set forth below establish the policy and means of allocating grant funds under section 305 to the coastal States and are intended to fulfill the above requirements of section 305(e). Such rules and regulations are intended primarily for allocation of funds made available for grants under Section 305 in Fiscal Year 1974. Allocations to States in subsequent fiscal years may reflect changes in these rules and regulations; such changes, if made, will be duly published.

THEODORE P. GLEITER, *Assistant Administrator for Administration.*

Sec.
923.1 Purpose of rules and regulations.
923.2 Definitions.
923.3 Basis of allocation.
923.4 Allocation of non-distributed funds.
923.5 State allocation computation example.
923.6 State allocation.
923.7 Duration of allocation.

§ 923.1 Purpose of rules and regulations.

Twelve million dollars has been appropriated by the Congress for Fiscal Year 1974 to implement the Coastal Zone Management Act of 1972 (P.L. 92-583). Of this amount, $7.2 million has been made available for coastal zone management program development grants-in-aid to the 34 coastal States and territories under section 305 of that Act. It is the purpose of this part to establish the rules and regulations for allocation of grant-in-aid funds under section 305 of the Costal Zone Management Act of 1972 (Public Law 92-583; 86 Stat. 1280) pursuant to the requirements of section 305(e) which states:

> Grants under this section shall be allocated to the States based on rules and regulations promulgated by the Secretary: *Provided, however,* That no management program development grant under this section shall be made in excess of 10 per centum nor less than 1 per centum of the total amount appropriated to carry out the purposes of this section.

§ 923.2 Definitions.

As used in this part, the following terms shall have the meanings indicated below: