than to terminate) the contract by notifying the other party of its intention at least 90 days before the end of the term.

Waiver of Proposed Rulemaking

Because the change is intended merely to clarify existing regulations, we believe it is not necessary or in the public interest to publish a notice of proposed rulemaking or to delay the effective date the usual 30 days. To publish in proposed form, and then in final form, such a technical revision, or to delay the effective date, would serve no useful purpose. Moreover, since the rule being amended simply interprets a statutory provision, a notice of proposed rulemaking would be unnecessary in any event. We therefore find good cause to waive notice of proposed rulemaking and the 30-day delay in effective date. We will, however, consider any comments on this rule that are mailed by the date specified above in the "DATES" section and make any further changes that may be necessary.

Executive Order 12291

We have determined that these final regulations are not likely to result in an annual economic effect of $100 million or meet other threshold criteria of section 1(b) of the Order.

As noted above, these final regulations merely replace the words "to terminate" with "not to renew". This change is a clarification and the economic effect is negligible. As this effect is significantly below the $100 million threshold, a regulatory impact analysis is not required.

Regulatory Flexibility Act

The Secretary certifies under 5 U.S.C. 605(b), enacted by the Regulatory Flexibility Act (Pub. L. 96–354), that these final regulations will not result in a significant impact on a substantial number of small entities.

The regulation revision we are making is a clarification: it simply replaces the words "to terminate" with the more accurate phrase "not to renew". This revision in the regulations will not have any impact on carriers. In addition, although there may be some carriers that may be described as small entities, their number is not substantial. Therefore, the revision does not have a significant impact on a substantial number of small entities.

List of Subjects

42 CFR Part 421

Administrative practice and procedure, Contracts (Agreements), Courts, Health care, Health facilities, Health maintenance organizations (HMO), Health professions, Information (Disclosure), Lawyer, Medicare, Professional Standards Review Organization (PSRO), Reporting requirements.

42 CFR Part 421, Subpart C, is amended as set forth below:

PART 421—INTERMEDIARIES AND CARRIERS

Subpart C—Carriers

The authority citation for Subpart C reads as follows:

Authority: Secs. 1102, 1816, 1842, 1861(u), 1871, 1875 of the Social Security Act (42 U.S.C. 1302, 1395, 1395(b), 1395h, 1395u, 1395x(u), 1395hh.

Section 421.204 is revised to read as follows:

§ 421.204 Provision for automatic renewal of contracts.

Contracts under this subpart may contain an automatic renewal provision, continuing the contract from term to term unless either party gives at least 90 days notice of its intention not to renew it at the end of the current term.

(Catalog of Federal Domestic Assistance Program No. 13.774, Medicare-Supplementary Medicare Insurance)

Dated: May 9, 1983.

Carolyne K. Davis,

Administrator, Health Care Financing Administration.

Approved: June 22, 1983.

Margaret M. Heckler,

Secretary.

[FR Doc. 83-17815 Filed 6-29-83; 8:45 am]

BILLING CODE 4120-03-M

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

43 CFR Public Land Order 6389

[U-31071]

Utah; Partial Revocation of Reclamation Withdrawal

Correction

In FR Doc. 83–13902 beginning on page 23225, in the issue of Tuesday, May 24, 1983, make the following corrections.

1. On page 23226, second column, nineteenth line from the bottom of the page should have read "NE¼SW¼, N½SE¼, SE¼SE¼;".

2. On page 23227:

a. In the first column, thirty-third line, insert a comma so that the portion of the line now reading "N½N½" reads "N½, N½".

b. In the second column, seventh line, "Sec. 5" should have read "Sec. 4"; and in the forty-fourth line, "T. 27" should have read "T. 37".

3. On page 23228:

a. In the second column, the last entry in the thirty-fifth line reading "NE¼" should read "NW¼".

b. In the second column, fifty-seventh line, the portion reading: "Sec. 32, N½ N½ * * *" should read "Sec. 32, N½, N½ * * *".

c. In the third column, eighth line from the bottom of the page, delete the comma at the end of the line.

4. On page 23230:

a. In the first column, remove the forty-eighth and forty-ninth lines.

b. In the first column, the third line from the bottom should have read: "Secs. 21, 28, 33".

c. In the first column, the last line should have read: "Secs. 1, 12, 13, 21–24, incl.".

d. In the second column, the second line should read: "Secs. 1, 3–6 incl.".

BILLING CODE 1505-01-M

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43 CFR Public Land Order 6402

[CA-3535]

California; Partial Revocation of Reclamation Withdrawals

AGENCY: Bureau of Land Management, Interior.

ACTION: Public land order.

SUMMARY: This order partially revokes one Departmental and four Bureau of Land Management orders which withdrew 3,247.74 acres of land for the Bureau of Reclamation's Central Valley Project in the Trinity-Whiskeytown area, and will simultaneously restore 1,251.29 acres to surface entry and mining. The balance of 1,996.45 acres lies within the Whiskeytown-Shasta-Trinity National Recreation Area and remains withdrawn from operation of the public land laws, including the mining laws. All the lands have been and continue to be open to mineral leasing.

EFFECTIVE DATE: July 23, 1983.

FOR FURTHER INFORMATION CONTACT: Marie M. Getsman, California State Office, 916–484–4431.

By virtue of the authority vested in the Secretary of the Interior by Section 204 of the Federal Land Policy and Management Act of 1976, 90 Stat. 2751; 43 U.S.C. 1714, it is ordered as follows:

1. The Department Order dated November 16, 1932, and Bureau of Land Management Orders dated June 10, 1948, August 10, 1948, February 27, 1952, and March 12, 1956, are hereby revoked insofar as they affect the following described lands:

Mount Diablo Meridian

T. 32 N., R. 5 W.,
Sec. 20, lots 1, 4, 6, and 7.
T. 32 N., R. 6 W.,
Sec. 8, W½, NW¼SE¼, and S½SE¼;
Sec. 15, lots 2 thru 17 (formerly lot 1), and S½SE¼SW¼;
Sec. 18, lots 5 thru 12;
Sec. 22, lots 13 thru 20 and lots 25 thru 104 (formerly described as lot 1, S½ lot 2, and lots 3, 4, 5, and 6);
Sec. 27, lots 15, 16, 21, 22, 25 thru 28, 37 thru 40 (formerly lot 3), and lots 109 thru 116 (formerly S½ lot 7);
Sec. 28, N½NE¼, N½S½NE¼, SW¼SW¼NE¼, W½NW¼SE¼, and S½SE¼, lots 9 thru 12, 21 thru 24, 25 thru 28, 37 thru 40 (formerly lot 1), and lots 13 thru 16, 17 thru 20, 29 thru 32, 33 thru 36 (formerly lot 2).
T. 32 N., R. 7W.,
Sec. 1, lot 5.
T. 33 N., R. 7 W.,
Sec. 19, All;
Sec. 20, S½.
T. 33 N., R. 8 W.,
Sec. 13, N½SW¼, SE¼SW¼ and SE¼.
T. 35 N., R. 8 W.,
Sec. 30, W½NW¼NE¼, lots 1, 2, 3, and 4, NE¼NE¼NE¼ and E½W½;
Sec. 31, lots 1, N½ lot 2, and NE¼NW¼.
T. 35 N., R. 9 W.,
Sec. 36, NE¼NE¼, NW¼, N½N½SW¼ and N½NW¼SE¼.

The area described aggregates 3,247.74 acres in Shasta and Trinity Counties, California.

2. Of the lands described in Paragraph 1, the following lands remain withdrawn from the public lands laws generally, including the United States mining laws pursuant to the Act of November 8, 1965 (79 Stat. 1295) for the Whiskeytown-Shasta-Trinity National Recreation Area. These lands are administered by the National Park Service in accordance with the cited act, and the regulations contained in 43 CFR Part 3560.

Mount Diablo Meridian

T. 32 N., R. 6 W.,
Sec. 8, W½, NW¼SE¼, and S½SE¼;
Sec. 15, lots 2 thru 17 (formerly lot 1), and S½SE¼SW¼;
Sec. 18, lots 5 thru 12;
Sec. 22, lots 13 thru 20 and lots 25 thru 104 (formerly described as lot 1, S½ lot 2, and lots 3, 4, 5, and 6);
Sec. 27, lots 15, 16, 21, 22, 25 thru 28, 37 thru 40 (formerly lot 3), and lots 109 thru 116 (formerly S½ lot 7);
Sec. 28, N½NE¼, N½S½NE¼, SW¼SW¼NE¼, W½NW¼SE¼, and S½SE¼, lots 9 thru 12, 21 thru 24, 25 thru 28, 37 thru 40 (formerly lot 1), and lots 13 thru 16, 17 thru 20, 29 thru 32, 33 thru 36 (formerly lot 2).
T. 32 N., R. 7 W.,
Sec. 1, lot 5.
T. 35 N., R. 8 W.,
Sec. 30, W½NW¼NE¼, lots 1, 2, 3, and 4, NE¼NE¼NE¼, and E½W½;
Sec. 31, lots 1, N½ lot 2, and NE¼NW¼.
T. 35 N., R. 9 W.,
Sec. 36, NE¼NE¼, NW¼, N½N½SW¼ and N½NW¼SE¼.

The area aggregates 1,996.45 acres.

3. Of the lands described in Paragraph 1, the following described public lands shall at 10 a.m. on July 23, 1983, be open to operation of the public land laws generally, subject to valid existing rights, and the provisions of existing withdrawals, and the requirements of applicable law. All valid applications received at or prior to 10 a.m. on July 23, 1983, shall be considered as simultaneously filed at that time. Those received thereafter shall be considered in the order of filing.

Mount Diablo Meridian

T. 32 N., R. 5 W.,
Sec. 20, lots 1, 4, 6 and 7.
T. 33 N., R. 8 W.,
Sec. 13, N½SW¼, SE¼SW¼, and SE¼.
T. 33 N., R. 7 W.,
Sec. 19, All;
Sec. 20, S½.

The area described aggregates 1,251.29 acres.

4. The public lands described in paragraph 3 will be open to location under the United States mining laws at 10 a.m. on July 23, 1983. Appropriation of lands under the general mining laws prior to the date and time of restoration is unauthorized. Any such attempted appropriation, including attempted adverse possession under 30 U.S.C. Sec. 38, shall vest no rights against the United States. Acts required to establish a location and to initiate a right of possession are governed by State law where not in conflict with Federal law. The Bureau of Land Management will not intervene in disputes between rival locators over possessory rights since Congress has provided for such determinations in local courts. All of the lands described in paragraph 1 have been and continue to be open to applications and offers under the mineral leasing laws.

Inquiries concerning these lands should be addressed to the Bureau of Land Management, Room E-2841, Federal Office Building, 2800 Cottage Way, Sacramento, California 95825.

Dated: June 17, 1983.

Garrey E. Carruthers,
Assistant Secretary of the Interior.

[FR Doc. 83-17657 Filed 6-29-83; 8:45 am]
BILLING CODE 4310-84-M

DEPARTMENT OF TRANSPORTATION

Maritime Administration

46 CFR Parts 232 and 282

Uniform Financial Reporting Requirements

AGENCY: Maritime Administration, DOT.

ACTION: Final rule.

SUMMARY: This new 46 CFR Part 232, entitled Uniform Financial Reporting Requirements, supersedes 46 CFR Part 282, Uniform System of Accounts for Maritime Operators, which is revoked. The accounting procedures and reporting requirements that are presently applicable to contractors receiving assistance under Titles V, VI and XI of the Merchant Marine Act, 1936, as amended (Act), are substantially revised and made applicable to all contractors entering into or having agreements with the Maritime Administration/Maritime Subsidy Board under its financial assistance programs.

EFFECTIVE DATE: June 30, 1983.

FOR FURTHER INFORMATION CONTACT: James J. Zok, Director, Office of Financial Management, Maritime Administration, Department of Transportation, Room 4429, 400 Seventh Street, S.W., Washington, D.C. 20590, Telephone: (202) 426-5852.

SUPPLEMENTARY INFORMATION: The new 46 CFR Part 232 clarifies and substantially reduces existing reporting requirements now applicable only to subsidized operators, CDS vessel owners, and recipients of Title XI obligation guarantees, and extends them to all contractors with the agency pursuant to provisions of Titles II, V–VIII, and XI of the Act. It significantly reduces the burden on the industry for specific record keeping and lowers the quantity of data required to be reported to the Maritime Administration. Waivers previously granted to a significant portion of Title XI recipients are rescinded by this rulemaking.

In this regard, the regulation reduces the number of accounts required to be maintained from about 324 to 39. In addition, it reduces the number of pages of financial data from about 102 pages with some 104 separate schedules to 16 pages with 23 separate schedules.

46 CFR Part 232 incorporates the latest applicable pronouncements of the accounting profession issued by the Financial Accounting Standards Board and other professional organizations and publications.

The principal author of this final rulemaking is James J. Zok, Director, Office of Financial Management, Maritime Administration.

Background

A proposed rulemaking was published on pages 36228–36235 of the **Federal Register** on August 19, 1982, Vol. 47, No. 161, and invited comments for 60 days ending October 18, 1982. The comment period was extended by one week, to October 25, 1982, at the request of interested parties. Comments were received from 18 sources including affected companies, professional trade and industry associations, and legal firms and public accounting firms representing several members of the industry.

The agency considered comments and suggestions for specific and general changes in financial reporting requirements received from various industry representatives and organizations. Most were incorporated into the final rulemaking.

The following summarizes the comments, suggestions and actions taken:

Proposed Rulemaking (46 CFR Part 232) Consolidation of Comments by Subject Area and MARAD Response

Comments—Waivers/Applicability of Requirement.

- The requirement that drill rig operators must report is unwarranted and wasteful.
- Those companies previously granted waivers should be permitted to keep their waivers even under the revised reporting.
- The proposed regulation implied that reporting would be by business lines, which is not appropriate for many organizations.
- The proposed regulation's reporting requirements are not suited to the operations of an integrated mining, processing and transportation company.
- A procedure for granting waivers to the reporting requirement should be retained.
- For those companies previously granted waivers, the proposed requirement represents a significant and expensive increase in reporting burden.

MARAD Response

The reporting requirements in the final rule have been substantially reduced from the requirements of the proposed rule. As the result of industry comments and a MARAD internal reevaluation of its financial reporting needs during the comment period, the final rule reporting requirements are only slightly different from the reporting requirements of those presently granted waivers, making their continuation unnecessary and arguments concerning significant new costs invalid. With the latitude permitted in using alternative reporting formats, arguments concerning unsuitability of the reporting requirements to certain company structures such as drilling and integrated mining or processing companies are likewise rejected. Questions concerning the reporting, including some concerning consolidated reporting waivers, will naturally evolve and the final rule provides a contact point for such questions.

Comments—Materiality/Frequency

- The use of a materiality concept for supporting schedules is recommended.
- Schedule 204 should only be required annually.
- Only absolutely essential information should be required.
- The amount of detail required of Title XI recipients should not be as stringent as that required for subsidized operators.
- Salary reporting should be restricted to the five highest paid officers/directors of the agency.

MARAD Response

MARAD recognized that much of the detail required by the proposed rule was superfluous to agency needs. With respect to materiality, the final rule requires that detailed accounts need only be reported if their amount exceeds 5 percent of ending assets. In addition, most schedules, including Schedule 204, are only required annually by the final rule, as opposed to semiannually.

Agency financial analysis and contract monitoring needs require that the retained reporting be required for subsidy and Title XI recipients. Similarly, the salary reporting requirement is tied to existing contractual agreements between MARAD and the contractors.

Comments—Subsidy Payment/Accounting Policies

- Period accounting requirement in the face of subsidy payments made on a voyage basis of accounting is inconsistent, illogical and requires duplicative accounting records.
- Commenting companies concur with the periodic basis of accounting if subsidy payments are made on a periodic versus voyage basis.

MARAD Response

The logic of the respondents regarding the period versus voyage basis of accounting is irrefutable. Therefore, respondents will be permitted to continue their current method of accounting as long as unqualified opinions are rendered by their CPAs regarding the issue and/or until present subsidy payment and reporting practices adopt a full period and accrual concept.

Comments—Confidentiality of Data

- An addition to the general instructions should be made so that it is generally understood that the financial information provided to MARAD is confidential and will be treated as such.
- Information on employee salaries is an invasion of the employee's privacy—it should not be reported.

MARAD Response

The reporting of salaries is a contractual condition which is accomplished via this reporting requirement. All data received are treated as proprietary and confidential, subject to Freedom of Information Act (FOIA) exemptions. MARAD will notify each contractor of a FOIA request and allow the assertion of a FOIA exemption as is noted in the final rule (§ 232.6, MA-172 (Revised)).

Comments—Effective Date of Regulation

- Given the volume of comments received, the regulation should go out for an additional comment period, though this may be very limited.
- Implementation of the new reporting requirement should be postponed, at least during this current economic recession.
- There is not enough lead time provided to allow for information on the new requirement.

MARAD Response

Due to the desire of many respondents to exercise the option of reporting under the revised rule as soon as possible, MARAD's own data and analysis needs, and the current state of the economy, MARAD considers a delay in implementation to be inappropriate.

Comments—Alternative Formats

- There should be a separate Schedule 213 for drill rigs, and Schedule 301 needs substantial revision to be appropriate for the same group.
- The requirement for comparative financial reports should be reconsidered since prior data are on hand.
- The regulation needs provision for the use of alternative formats.

• On Schedule 213, barges should be reported in groups, not individually.

• The annual citizenship affidavit should be accepted in lieu of Schedules 102 and 103.

MARAD Response

Most suggestions regarding alternative formats were adopted, including the deletion of comparative financial reports except where material changes are made in the companies' methods of accounting during the reporting period. The separate drill rig information has been incorporated into Schedule 213 in lieu of a separate schedule. The use of the citizenship affidavit is not considered responsive to the contractual reporting requirements accomplished through Schedules 102 and 103 because it does not provide the needed information.

Comments—Accounting Procedures and Definitions

• Inactive vessel accouning for income and expenses is inappropriate for inland barge operations.

• The definition of "affiliated company" as used in the proposal is unclear.

• It is unclear whether MARAD requires operators to use the new chart of accounts.

• Reporting of leaseholds surrendered should be modified.

• Schedule 230 (compensating balances) is unnecessary and should be eliminated.

• Generally Accepted Accounting Principles (GAAP) are insufficient to define recognition criteria for revenues and expenses and should be further amplified.

• Estimating subsidy receivables is not appropriate for balance sheet reporting and should be dropped.

• References to Federal income taxes in account definitions should be expanded to include all taxes.

• Adjustments for fluctuations in foreign currency values should be recognized separately.

• Compensating balance schedule requirements are inconsistent with Accounting Research Bulletin #43.

MARAD Response

All of the comments noted above were incorporated into the final rule or clarified as necessary, except we have rejected the assertion that generally accepted accounting principles, as described by the Financial Accounting Standards Board and its predecessor organizations, are insufficient. It is accepted that the issuances of these organizations are the basis of all American accounting and auditing practices. Regarding foreign currency accounting, companies only need to address the issue separately if it accounts for over 5 percent of total revenues or expenses during a reporting period.

E.O. 12291, Statutory Requirement and DOT Procedure

A determination has been made that the new 46 CFR Part 232 meets none of the criteria of a major rule, under Executive Order 12291 (February 17, 1981). Therefore, no separate regulatory impact analysis has been prepared. Almost all of the contractors that are subject to these uniform financial reporting requirements have gross revenues far in excess of the amount that would indentify them as small businesses; moreover, no other organizations, governmental units or other entities will be affected. Therefore, the Maritime Administrator certifies that these reduced reporting requirements will not exert a significant economic impact on a substantial number of small entities so as to require preparation of a regulatory flexibility analysis, pursuant to provisions of the Regulatory Flexibility Act of 1980 (P.L. 96–354). Pursusant to DOT Order 2100.5, this is a significant regulation for which a Regulatory Evaluation has been prepared and will be placed in the rulemaking docket. It will be made available upon written request submitted to the Secretary, Maritime Administration, 400 7th Street, S.W., Washington, D.C. 20590, Telephone (202) 426–5746. This rulemaking amends and simplifies an existing reporting requirement for the collection of information, within the scope of the Paperwork Reduction Act of 1980 (P.L. 96–511), which reporting requirement has been reviewed and approved by the Office of Management and Budget (control number 2133–0005).

List of Subjects in 46 CFR Parts 232 and 282

Maritime operators, Uniform System of Accounts reporting requirements.

PART 282—[REMOVED]

Accordingly, 46 CFR Part 282 is removed and a new 46 CFR Part 232 is added to read as follows:

PART 232—UNIFORM FINANCIAL REPORTING REQUIREMENTS

Authority: Sec. 204(b), Merchant Marine Act, 1936, as amended (46 U.S.C. 1114(b)); Pub. Law 97–31 (Aug. 6, 1981); 49 CFR 1.66 (46 FR 47458, September 28, 1981).

§ 232.1 Purpose and applicability.

(a) *Purpose.* The purpose of this regulation is to establish uniform reporting requirements for the preparation of financial reports and submissions of information to the

Maritime Administration. The Maritime Administration will, as necessary, issue clarifying instructions to those subject to these reporting requirements to assist in their interpretation and application. The uniform reporting requirements consist of:

(1) A chart of accounts defined in this regulation.

(2) Standard financial report formats, set forth in Form MA-172 (Revised).

(b) *Applicability.* This regulation is applicable to all contractors submitting required financial reports or other financial information in accordance with agreements entered into under provisions of Titles II, V, VI, VII and XI of the Merchant Marine Act, 1936, as amended, and the Shipping Act, 1916, as amended.

§ 232.2 General instructions.

(a) *Use of generally accepted accounting principles.* All contractors shall conform their accounting policies to generally accepted accounting principles applicable to their segment of the maritime or other appropriate industry, modified, as appropriate to be consistent with accounting policies and principles provided for in this regulation.

(b) *Need to conform accounting information.* All contractors may continue to use their current accounting system, if the system provides a basis for the preparation of reports in the prescribed formats and is consistent with the accounting principles contained in this Part.

(c) *Accrual accounting.* (1) Contractors shall recognize revenue and expense in accordance with accrual principles. In those instances where the contractor incurs expenses, but has not determined actual costs, the contractor shall record reasonable accruals (estimated costs) in the appropriate accounts of the required financial reports.

(2) The contractor shall record estimated accrued expenses and maintain adequate controls to assure the reasonableness of the costs used in the financial reports.

(d) *Reconciliation of financial reports.* When a contractor issues interim or annual certified financial statements following accounting policies different from those established by this Part, the contractor shall clearly set forth the nature and amount of each adjustment necessary to reconcile the published statements filed with the Maritime Administration.

(e) *Submission of questions.* (1) A contractor may submit in writing any question involving the interpretation of any provision of this Part for consideration and decision to the Director, Office of Financial Management, Maritime Administration, Department of Transportation, 400 Seventh Street, S.W., Washington, D.C. 20590. Appeals from such interpretation will be in accordance with the interpretation letter.

(2) A contractor who has a question of financial accounting or reporting procedure pending before the Maritime Administration at the time a financial report is due shall file the report in accordance with established scheduled dates. The contractor shall include in the report a footnote disclosure that adequately describes the question pending, the manner of presentation in the report, and the relative impact on the balance sheet and income statement, respectively.

(f) *Effective date.* This regulation is effective as of the date first published as a final rule in the **Federal Register**. The regulation may be optionally applied to financial reports submitted for semiannual accounting periods ending between the date of publication and June 30, 1983, and becomes mandatory for annual financial reports submitted for accounting periods ending June 30, 1983, and thereafter.

§ 232.3 Chart of accounts.

(a) *Purpose of accounts.* A contractor shall use this chart of accounts as a basis for preparing the financial statements and for other required financial reports required to be submitted to the Maritime Administration.

(b) *Account numbers.* Contractors are not required to use these account numbers or titles for their internal accounting. (Approved by the Office of Management and Budget under control number 2133-0005)

§ 232.4 Balance sheet accounts.

(a) *Accounts defined.* Each account is identified by an account number and an account title, followed by a text describing the accounting information to be included in that account. Where considered necessary, accounting procedures are also included to explain how the contractor shall disclose information for reporting purposes.

(b) *Purpose of balance sheet accounts.* The balance sheet accounts are intended to disclose the financial condition of the contractor as of a given date.

Balance Sheet Accounts

(A) *Asset Accounts.*

(1) 100 Cash.

(i) This account shall include the amount of current funds available on demand in the hands of financial officers or deposited in banks or trust companies, including cash in transit for which agents or others have received credit. Cash appropriated or otherwise restricted for any purpose shall be included in Account 300, "Restricted Funds."

(ii) Compensating balances included in this account shall be disclosed by appropriate footnote.

(2) 120 Marketable Securities.

(i) This account shall include securities and other temporary investments which are available for general purposes of the business. In no case shall securities of the reporting contractor or of an affiliated company be included in this account. Separate subaccounts may be used to account for discounts and premiums on marketable securities.

(ii) For financial reporting, the lower of aggregate cost or market value at the balance sheet date shall be used to value securities included in this account.

(3) 140 Notes Receivable.

(i) This account shall include the amount of all obligations in the form of short-term notes receivable or other evidences (except interest coupons) of money receivable and due on demand or within one year from date of issue.

(ii) Subaccounts shall be used to segregate notes receivable from officers and employees, affiliated companies, officers and employees of affiliated companies, and all others.

(4) 150 Accounts Receivable.

(i) This account shall include trade or traffic receivables and claims receivable from insurance underwriters and other miscellaneous receivables not otherwise provided for in other accounts. Accrued accounts receivable for interest, dividends, rents, royalties, charters and other unmatured receivables of a current nature shall be reported in this account, except those accrued amounts which are required to be deposited to a restricted fund.

(ii) Separate subaccounts shall be used to account for trade or traffic receivables, claims receivables, miscellaneous receivables and for accounts receivable arising from transactions with officers and employees, affiliated companies, officers and employees of affiliated companies.

(iii) This account shall also be used to report construction-differential subsidy (CDS) and operating-differential subsidy (ODS) estimated to have accrued to the contractor and which remain unpaid as of the balance sheet date.

(iv) Separate subaccounts shall be maintained by contract number and, under each contract, identified by year of termination and by category of subsidy as applicable, e.g., for CDS categories may include design and inspection costs; and for ODS categories may include wages, maintenance and repair, and any other category for which the contractor receives an operating subsidy.

(5) 160 Estimated Allowance for Doubtful Notes and Accounts Receivable.

This account shall be credited at the close of each accounting period for estimated uncollectible notes and accounts.

(6) 170 Other Current Assets.

(i) Inventories, prepaid expenses and other items that are expected to be used or consumed within 12 months of purchase or acquisition shall be reported in this account.

(ii) Acquisition of similar items that will not be used or consumed within one year should be reported as part of account 360, Other Assets.

(iii) For Financial Report purposes, this account shall be used to record the contra entries of accrued deposits in account 300 Restricted Funds.

(7) 300 Restricted Funds.

(i) This account shall include the amount of cash and securities (at cost) deposited to any restricted fund, including but not limited to Title XI Reserve or Restricted Fund, Capital Construction Fund, Construction Reserve Fund, Title XI Escrow Fund, Title XI Construction Fund, Drilling Rig Reserve Fund, Insurance Fund, Debt Retirement Fund, special and guarantee deposits.

(ii) For each fund established, subsidiary accounts shall be used to separately account for cash or securities deposited to the fund. At the close of each accounting period accrual entries shall be made to account for earned but undeposited investment income.

(iii) Compensating balances under an agreement which legally restricts the use of such funds and constitutes support for borrowing arrangements shall be included in this account.

(iv) Deposits required to be made into any Restricted Fund are to be included in the column "Accrued for Deposit"—appearing in Schedule 211. The contra entry for the accrual shall be credited to account 170 Other Current Assets.

(8) 310 Investments.

(i) This account shall include amounts of investment instruments intended to be held more than one year and includes securities of affiliated companies, noncurrent notes receivable and noncurrent accounts receivable, both from affiliates and others, cash value of life insurance policies and other investments. Noncurrent marketable securities shall be carried at the lower of aggregate cost or market value at the balance sheet date.

(ii) Subaccounts shall be maintained to account for the various investments. For noncurrent notes and accounts receivable additional accounts shall be used to readily identify amounts pertaining to affiliated companies.

(iii) For financial reporting purposes, the lower of cost or market value at the close of business on the balance sheet date will be used to value the securities included in the account except as noted below.

(iv) Investments in affiliated companies must be reported using the equity or consolidated basis of accounting as adopted by the Financial Accounting Standards Board.

(9) 330 Property and Equipment.

(i) This account shall include the cost of acquisition or construction and related capitalizable cost, including additions and betterments and all other associated cost necessary to place the respective property and equipment in acceptable condition for its intended use. This account shall also include the capitalized amount of financing leases, computed in accordance with generally accepted accounting principles, as prescribed by the Securities and Exchange Commission and the Financial Accounting Standard Board.

(ii) Subaccounts shall be maintained by type and category of property and equipment such as, but not limited to, the following: (A) floating equipment, including self-propelled vessels for transporting cargo or passengers in U.S. foreign or worldwide foreign commerce, tugs and barges, drilling platforms used in offshore operations, fishing and associated service vessels, service vessels used in conjunction with off-shore drilling platforms and deep-water mining operations, lighters primarily used to transport cargo within port areas and river systems or carried aboard mother vessels—i.e., LASH and SEABEE lighters and barges, other floating equipment ancillary to the operator's primary vessel operations; (B) Containers and flat racks; (C) Chassis and trailer equipment; (D) Terminal property and cargo handling equipment; (E) Other property and equipment; (F) Leaseholds, leasehold improvements and Capital Leases; and (G) Construction work-in-progress (to provide information by project or by type of capitalized asset cost category). For each asset account within account 330 a separate depreciation or amortization accumulation account must be established except for work-in-progress accounts.

(10) 360 Other Assets.

(i) All assets, including deferred charges, not otherwise provided for above, shall be reported in this account. Separate subaccounts shall be maintained for the various types of assets, including notes and accounts receivable which are not due in the normal course of business within one year of the balance sheet date. Each type of asset shall be further segregated to disclose amounts due from officers and employees of the reporting contractor or operator, officers and employees of affiliated companies, affiliated companies themselves, allowance for the trade in of vessels to the Maritime Administration (where the allowance is to be applied by the agency on behalf of the contractor toward progress payments on new construction) and other assets not otherwise accounted for as miscellaneous assets.

(11) 380 Deferred Charges.

(i) This account shall be used to report expenses, the payment for which the contractor has become liable currently, but which will not be charged to income within one year of the balance sheet date.

(ii) Separate subaccounts shall be maintained to identify the different categories of expense included in this account. These subaccounts may include such items as prepaid insurance; the expense of issuing long-term debt and for absorption of discounts on the stated value of the debt instruments; organization expenses; deferred prepayments and other deferred charges.

(iii) Separate subaccounts shall be maintained for amortization of the various deferred charges included in this account.

(12) 390 Goodwill and Other Intangible Assets.

(i) This account shall be used to report the amount of goodwill attributed to the cost of acquiring a business or segment of a business from an unrelated party, as well as the cost of acquiring by purchase, development or other means such intangible assets as patents, copyrights, trade names, operating rights, and similar assets.

(ii) The contractor shall maintain separate subaccounts for the identified intangible assets, including subaccounts to identify their respective amortization.

(B) Liability Accounts.

(1) 400 Notes Payable and Current Portion of Long-Term Debt.

(i) The amount reported for this account shall include the face value of notes, drafts and other evidences of indebtedness issued by the contractor which are payable on demand or within one year of the balance sheet date.

(ii) Separate subaccounts shall be used to identify different groups of creditors, e.g., banks, insurance companies, officers and employees, affiliated companies and all other creditors.

(iii) The amount of capitalized lease liability maturing during the twelve months following the balance sheet date shall also be reported in this account. A record shall be maintained for each lease agreement, with a description of the type of equipment under lease.

(iv) This account shall not include obligations due within one year which the contractor intends to refinance on a long-term basis or which are payable from restricted funds. Long-term refinancing of short-term obligations means replacement with long-term obligations or equity securities or renewal, extension, or replacement with short-term obligations for an uninterrupted period extending beyond one year from the balance sheet date. Such short-term obligations are to be recorded in account 510, Long-term Debt.

(2) 420 Accounts Payable.

(i) The amount reported for this account shall include accounts payable—trade; accounts payable—traffic; pension and welfare funds; accounts payable—Maritime Administration; and other accounts payable.

(ii) Sufficient information shall be maintained to identify individual creditors and the general categories or classification of the liabilities.

(iii) Debts of individual creditors not incurred in the normal course of business shall be identified by group, e.g., officers and employees, affiliated companies, officers and employees of an affiliated company, and other appropriate groupings of creditors not otherwise affiliated in any way with the contractor.

(3) 440 Accrued Liabilities.

(i) This account shall be used to report the amount of accrued taxes, accrued operating expenses and other accrued liabilities arising in the regular course of business.

(ii) Subaccounts shall be maintained for each category of liability.

(4) 450 Other Current Liabilities.

(i) This account shall include all current liabilities for which no other account has been provided.

(ii) Subaccounts shall be maintained to account separately for each class of current liabilities that arise from transactions with officers or employees, affiliated companies and officers or employees of affiliated companies, and must be readily identifiable to facilitate financial reporting requirements.

(5). 470 Advance Payments and Deposits.

(i) this account shall be used to report the balance of collections from customers for services not yet provided by the contractor.

(ii) Sufficient accounting information shall be maintained to readily disclose collections from related parties.

(6) 510 Long-Term Debt.

(i) This account shall be used to report the noncurrent portion of long-term debt, including mortgage notes payable to the Maritime Administration, U.S. Government insured or guaranteed debt obligations issued under Title XI of the Act, and the face amount of bonds, debentures and other long-term debt not provided for in other accounts.

(ii) Subaccounts shall be maintained to disclose unsecured and secured debt by creditor and by secured asset.

(iii) This account shall also include the balance of the long-term portion of capitalized lease liabilities. Reporting shall be by lease agreement and type of asset leased.

(iv) This account shall also include obligations due within one year which are expected to be refinanced on a long-term basis in accordance with the discussion of Account 400.

(v) Separate subaccounts shall be maintained to record the premiums for each class of funded debt (which shall be amortized over the respective lives of the securities by credit to Account 670, Other Revenue).

(7) 530 Other Liabilities.

(i) This account shall be used to report the balance of all other liabilities maturing after one year from the balance sheet date and for which no other account has been specifically provided.

(ii) Subsidiary accounts shall be maintained for each category or type of liability and accounted for by debtor.

(iii) Reporting of balances outstanding shall show separately amounts due to officers and employees, affiliated companies and officers and employees of affiliated companies.

(8) 560 Deferred Credits.

This account shall be used to report the amount of accumulated deferred income taxes, income or credits for which no other account is specifically provided.

(C) Equity Accounts.

(1) 570 Invested Capital.

This account shall be used to report the amount of capital contribution by an individual in a proprietary company, by partners of a partnership, and by stockholders of a corporation for the par or stated value of the capital stock outstanding and additional paid-in capital.

(2) 580 Treasury Stock.

This account shall be used to report the cost to the contractor of its stock that has been reacquired.

(3) 590 Retained Earnings.

(i) This account shall be used to report the balance of restricted and unrestricted retained earnings for an incorporated business entity. Subsidiary accounts shall be used for each class of restricted earnings.

(ii) Partnerships should make appropriate changes of titles to account for partners accounts.

(iii) For purposes of meeting the Maritime Administration's Dividend Policy for Operators Receiving ODS (46 CFR Part 283), accounting information for unrestricted retained earnings shall be made available to show the income or loss taken into retained earnings, dividends and other distributions paid, and the current balance of unrestricted retained earnings available for distribution.

§ 232.5 Income Statement Accounts.

(a) *Accounts Defined*—Each account shall be identified by an account number and an account title followed by a text describing the accounting information to be included in that account.

(b) *Purpose of Income and Expense Accounts*—The income and expense accounts shall show for each reporting period the amount of money the contractor is entitled to receive for services rendered; the income accrued from investments in securities and property; accrued expenses; and income and expense attributable to extraordinary items.

(D) Revenue Accounts.

(1) 600 Vessel Revenue.

(i) This account shall be used to report revenue (including surcharges) from operations. As used here, vessel refers to any asset that qualifies for obligation guarantees pursuant to regulations issued under Title XI of the Act (46 CFR Part 29[illegible]).

(ii) For contractors who operate vessels in the U.S. foreign commerce with a construction or operating-differential subsidy agreement (CDSA or ODSA), operating revenue attributed to such vessels shall be separately accounted for to report the following: freight-foreign, freight-coastwise and intercoastal; passenger-foreign, passenger-coastwide and intercoastal; charter revenue; and other voyage revenue. Contractors with an ODSA shall further describe freight and passenger revenue—foreign (including surcharges), U.S. foreign commerce revenue outbound and foreign commerce revenue (transportation between foreign ports). Revenue shall be accounted for to facilitate reporting the source of revenue by trade route or service area.

(iii) All other contractors shall report vessel revenue by category or class, or by operating segment or division if different business segments or operating divisions produce vessel revenue.

(iv) Except as otherwise provided in paragraph (D)(1)(i) of this section, vessel revenue shall be accounted for following generally accepted accounting principles for the segment of the maritime industry of which the contractor is a part and shall be applied consistently between reporting periods.

(2) 640 Operating-Differential Subsidy.

(i) This account shall be used to report the revenue accrued under provisions of the ODSA.

(ii) Subsidiary accounts shall be used to account for the amount of subsidy accrued by expense classifications to include: wages of officers and crew; subsistence of officers and crew; maintenance, repairs and upkeep not compensated by insurance; hull and machinery insurance premiums; protection and indemnity insurance premiums; protection and indemnity insurance; deductible expense attributed to illness or injury of crew members; and other expense categories as may be specified in the ODSA.

(iii) Records shall be maintained by vessel for each trade route or service area in which a vessel subject to an ODSA operates.

(iv) If ODS is accrued at substantially different rates developed by the contractor applicable to any year in which final rates have not been agreed to, the difference between the ODS accruals based on billing rates established by MARAD and the ODS accruals based on the contractor's rates shall be disclosed in appropriate footnotes to the balance sheet and to the income statement.

(3) 650 Other Shipping Operations Revenue.

This account shall be used to report revenue earned from shipping activities other than vessel operations. Examples are revenue from pooling agreements, terminal services provided to others, and cargo handling services performed for others; cargo equipment rentals, and repairs to cargo equipment belonging to others; agency fees, commissions and brokerage fees earned.

(4) 670 Other Revenue.

This account shall be used to report revenue from the following sources: interest bearing securities, dividends from capital stock, gains from the sale of assets not accounted for under the provisions prescribed for account 995, amortization of premium on funded debt, income or loss from subsidiaries, and other revenue not otherwise provided for, including nonshipping operations revenue.

(E) Expense Accounts.

(1) 700 Vessel Operating Expense.

(i) This account shall be used to report expenses of vessel operations of any kind. As used here, vessel has the same meaning as in paragraph (D)(1)(i) of this section.

(ii) For contractors with an ODSA who operate vessels subject to such an agreement in the U.S.-foreign commerce or worldwide foreign commerce, vessel expense shall be recorded by category as follows: salaries and wages of officers and unlicensed crew, including relief crews and others regularly employed aboard the vessel; fringe benefits, such as pension and welfare, vacation payments to unions on behalf of the officers, crew and others, accrued payroll taxes; consumable stores, supplies and equipment, sales taxes, delivery and inspection charges; vessel maintenance and repair expense, including laundry service, inspection services, cost of maintaining expendable equipment and other costs not recoverable from insurance which are integral parts of vessels (including the purchase of permanent equipment and spares required by the classification societies in the United States and its territories and possessions); hull and machinery insurance costs, including premium expense, deductibles and provisions for deductible average losses; protection and indemnity insurance, including premium expense, personal injury and illness deductible average losses and second seamen's insurance premiums; premiums for other marine risk insurance involving the vessel and not properly chargeable to hull and machinery insurance or to protection and indemnity insurance accounts; vessel fuel and incidental costs; charter hire expenses, including time, trip, short-term and long-term bareboat charter hire; and other vessel expenses not properly chargeable to other accounts described herein which are incidental to the operation of vessels.

(iii) For contractors who own or operate vessels not subject to an ODSA, vessel expense shall include all direct costs attributable to the operation of vessels. Such expense shall include such expense classifications as generally in use by the segment of the industry with which the contractor is identified. To the extent applicable, the expense classifications mentioned in the preceding paragraph (ii) shall be used.

(iv) Contractors operating vessels to transport cargo or passengers shall maintain appropriate vessel expense records for the purpose of filing vessel operating reports with the Maritime Administration.

(2) 750 Vessel Port Call Expense.

(i) This account shall be used to report the expenses of a vessel at each port of call. Port call expenses may include: charges for wharfage and dockage of the vessel, pilotage, entry dues and fees, port dues and taxes; anchor dues; canal tolls; launch hire, and tug hire; dispatch and husbanding fees of agents; and other port and terminal expenses.

(ii) Port charges attributable to the vessel's cargo or passengers are not to be reported in this account. Such expenses shall be reported in Account 760, Cargo Handling Expense.

(3) 760 Cargo Handling Expense.

This account shall be used to report all expenses directly attributable to the handling of cargo or passengers for a fee. This account shall include: cost of preparing a vessel to receive cargo; cost of loading and discharging of the vessel's cargo, including stevedoring and equipment and service charges of stevedoring contractors; cost of transporting cargo from the point of delivery into the possession of the contractor to the loading port and from the discharge port to the point of delivery stipulated by the freight agreement if different from the port of discharge; brokerage expense, including commissions paid brokers' agencies for the procurement of passengers or freight; cargo loading plans, demurrage, costs incidental to receiving, delivering and warehousing at freight station facilities; and other charges for cargo services performed by others.

(4) 800 Inactive Vessel Expense.

(i) This account shall be used to report all expenses incurred during and directly incident to inactive periods of vessels.

(ii) Expenses in this account include: wages of officers and crew; contributions to crew fringe benefit plans; accrued payroll taxes; subsistence cost of personnel assigned to inactive vessels; consumables other than subsistence items; vessel maintenance expense; vessel repairs; insurance expense; charter hire cost; wharfage and dockage; port expense; and miscellaneous expenses.

(5) 860 Other Shipping Operations Expense.

This account shall be used to report cost of container leasing, maintenance and repair cost and costs of shipping related activities in which the contractor engages to support vessels, such as terminal operations, cargo equipment, fleet operations, cargo pooling agreements, container loading and other activities that are not accounted for elsewhere and that are ancillary to the contractor's vessel operations.

(6) 900 General and Administrative Expenses.

(i) This account shall be used to report the administrative and general expenses incurred in the operation of the business.

(ii) This account shall include: compensation of corporate officers, directors, administrative and service employees; fringe benefits of general and administrative personnel; legal fees; accounting and auditing fees; other professional fees; office and storage expense; utilities; communications expense; data processing expense; dues; subscriptions; entertainment; travel expense; insurance expense; maintenance and repair expense for office facilities; fixtures and equipment; fees and commissions paid to managing agents; advertising expense; foreign currency conversion; and other expenses to enhance the operation of the business.

(7) 940 Depreciation and Amortization Expense.

(i) This account shall be maintained by class of assets as accounted for in the property and equipment accounts.

(ii) Subaccounts shall be grouped by classifications such as: vessels; terminals; cargo equipment; office furniture and fixtures; and nonshipping assets.

(8) 950 Other Expense.

This account is to be used to report expenses not chargeable to any other expense account. Such charges may include: amortization of deferred charges; taxes other than income; debt discount and expense; nonshipping operations expense; organization and preoperating expense and other miscellaneous deferred charges; as well as doubtful notes and accounts receivable.

(9) 960 Interest Expense.

(i) This account shall be used to report all interest expense accrued and charged to income during the period.

(ii) Subaccounts shall be maintained by debt source/contract to provide information needed to fulfill reporting disclosure requirements.

(10) 970 Income Taxes.

(i) This account shall be used to report accrued income tax liability for the current year's operation exclusive of extraordinary items, discontinued operations and the cumulative effect of a change in accounting policy.

(ii) Sufficient accounting records shall be maintained to meet income and expense allocation requirements that may exist as a result of a Capital Construction Fund Agreement entered into under 46 CFR Parts 390 and 391, pursuant to provisions of Title VI of the Act.

(11) 990 Cumulative Effect of Change in Accounting Policy.

(i) This account shall be used to report the cumulative effect of a change in accounting policy that requires a different method of accounting for revenue or expense and that produces a significant change either to the current year's net income or to the retained earnings account of the business.

(ii) A footnote shall be added to the income statement explaining the substance of the old and new accounting methods and the reason supporting the change in accounting policy.

(iii) The amount reported in this account shall be net of all taxes.

(12) 995 Income or Loss from Extraordinary Items Net of Taxes.

(i) Amounts representing gain or loss from extraordinary items, as defined by generally accepted accounting principles customarily applied in the industry of which the contractor is a part, shall be reported in this account. Generally, these transactions would be attributed to insurance proceeds from the total loss of a vessel or catastrophic losses to shore-based facilities, as well as from sales of damaged assets scrapped because of a natural catastrophe, and disposal of assets used primarily in a business segment which is being discontinued.

(ii) Sufficient records shall be maintained to fully describe and account for all aspects of each item reported in this account, and when a firm commitment is made to dispose of an operating business segment, a provision for anticipated gain or loss to be realized in the subsequent period from disposal of assets and winding down of operations of the discontinued segment shall be taken into income in the year the contractor makes the decision.

(iii) Amounts in this account must be net of all taxes including Federal income taxes.

§ 232.6 Financial report filing requirement.

(a) Reporting Frequency and Due Dates. The contractor shall file a semiannual financial report and an annual financial report, in the format referred to in § 232.1(a)(2) of this part, which MARAD shall make available to the contractor. This Form MA-172 (Revised) shall be prepared in accordance with generally accepted accounting principles and modified to the extent necessary to comply with this regulation. The annual financial report shall be reconciled to the financial statements audited by independent certified public accountants (CPAs) licensed to practice by a state or other political subdivision of the United States, or licensed public accountants licensed to practice by regulatory authority or other political subdivision of the United States on or before December 31, 1970. Both the annual and semiannual financial reports shall be due within 120 days after the close of the contractor's annual or semiannual accounting period. If certified (CPA) statements are not available when required, company certified statements are to be submitted within the due dates, and the CPA statements shall be submitted as soon as available. The respondent may, in place of any Schedule(s) contained in the Form MA-172, submit (1) a schedule or schedules from its audited financial statements, or, (2) a computer print-out or schedule, consistent with the instructions provided in the MARAD formats.

(b) *Certification.* Annual and semiannual reports shall be certified as shown on the oath contained in the reporting formats prescribed as the MA-172 submission.

(c) *Presumption of confidentiality.* MARAD will initially presume that each part of the financial reports or data submitted as prescribed by this Regulation, other than Schedule 101—Identity of Respondent and Schedules 102 and 103, only with respect to the names and titles of directors and principal officers and employees, is privileged or confidential within the meaning of 5 U.S.C. 552(b)(4). In the event of a subsequent request for any portion of the reports or data under 5 U.S.C. 552, the submitter will be notified of such request and given the opportunity to comment. The contractor shall claim confidentiality at that time by memorandum or letter stating the basis, in detail, for such assertion of exemption, including but not limited to statutory and decisional authorities. Those parts not so claimed by the submitter to be confidential will be disclosed, and those parts so claimed will be subject to initial determination by the Freedom of Information Act Officer.

(Approved by the Office of Management and Budget under control number 2133-0005)

Authority: Sec. 204(b), Merchant Marine Act, 1936, as amended (46 U.S.C. 1114(b)); Section 801, Merchant Marine Act, 1936, as amended (46 U.S.C. 1211); Section 21 of the Shipping Act, 1916, as amended (46 U.S.C. 820); Pub. L. 97-31 (Aug. 6, 1981); 49 CFR 1.66 (46 FR 47458, September 28, 1981).

By order of the Maritime Administrator.

Dated: June 27, 1983.

Georgia P. Stamos,

Secretary, Maritime Administration and Maritime Subsidy Board.

[FR Doc. 83-17706 Filed 6-29-83; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 22

[CC Docket No. 79-318; FCC 83-280]

Public Mobile Radio Services, Use of the bands 825-845 MHz and 870-890 MHz for Cellular Communications Systems; and Amendment of the Commission's Rules Relative to Cellular Communications Systems

AGENCY: Federal Communications Commission.

ACTION: Final rule.

SUMMARY: This document changes the mobile transceiver scanning direction of the control channel pairs in System A of the Domestic Public Cellular Radio Telecommunications Service, as detailed in OST Bulletin No. 53, in order to facilitate the scanning of more than 21 control channel pairs and also clarifies the ability of a joint industry committee to add special features that do not affect the basic equipment compatibility.

DATES: Effective August 1, 1983.

ADDRESSES: Federal Communications Commission, Washington, D.C. 20554

FOR FURTHER INFORMATION CONTACT: John A. Reed, Office of Science and Technology, (202) 653-6288

List of Subjects in 47 CFR Part 22

Cellular radio service

Memorandum Opinion and Order FCC 83-280

In the matter of an inquiry into the use of the bands 825-845 MHz and 870-890 MHz for Cellular Communications Systems; and amendment of Parts 2 and 22 of the Commission's Rules relative to Cellular Communications Systems, CC Docket No. 79-318.

Adopted: June 16, 1983; Released: June 22, 1983.

By the Commission; Commissioner Fogarty not participating.

1. On April 9, 1981 the Commission adopted a Report and Order in CC Docket No. 79-318 (FCC 81-161, released May 4, 1981, 46 FR 27655) which implemented the Domestic Public Cellular Radio Telecommunications Service under Part 22 of the Regulations. Attached to that Order as Appendix D was OST Bulletin No. 53 ("Cellular System Mobile Station—Land Station Compatibility Specification", April 1981). This OST Bulletin described the operational characteristics with which transmitters in the cellular service must comply in order to ensure nation-wide compatibility. Compliance with these operational characteristics regulated as part of the type acceptance requirement on the cellular transmitters (see § 22.120 of the Regulations).

2. Since the adoption of OST Bulletin No. 53, the Commission has been informed that certain changes are needed to these specifications. These changes were first detailed in a letter of February 28, 1983 from Bell Laboratories to the Chairman of the Committee on Cellular Standards (TR-8.17) under the Electronic Industries Association (EIA). Subsequent to this letter, a meeting of the EIA cellular committee was held on March 22, 1983 during which it was unanimously affirmed by the participants that these changes to the cellular specifications were necessary. Finally, the Commission was formally requested by the EIA in a filing of April 7, 1983 to incorporate these changes into OST Bulletin No. 53.

3. The specific changes requested govern the direction in which the mobile station scans the control channels assigned to System A (presently allocated for assignment to non-wireline carriers) of the cellular service (see Subpart K, Part 22 of the Regulations). When this mobile scanning direction was originally designated, it appeared that the control channels would be located at the bottom range of the 825 to 835 MHz and 870 to 880 MHz frequency bands assigned to System A. However, final rule making action assigned these control channels to the upper portion of these frequency bands (834.390 through 834.990 MHz and 879.390 through 879.990 MHz; see § 22.902 of the Rules).

4. While the presently specified channelization and mobile scanning direction should cause no system problems at this time, this scanning direction would preclude any future assignments of more than 21 control channel pairs for System A. System B (presently allocated for assignment to wireline carriers) would not experience this problem as its control channels are located at the lower portion of the assigned frequencies.

5. No decision has been made to allow the assignment of more than 21 control channel pairs per licensed system, yet we do not wish to preclude this as a possible necessary action once the cellular systems begin to expand their operations at some future date. That future expansion would allow the licensees to demonstrate whether additional control channel pairs are acutally needed. The change in mobile scanning direction is a relatively minor change if performed during the production stage of the equipment as it only involves changing the software programming of the logic circuits. Such a change could become rather expensive if attempted after a large number of transmitters had been marketed due to the expense of retrofitting this equipment. Should the cellular market be allowed to fully develop and it can be determined that more than 21 control channel pairs are actually needed, this change may be precluded due to the high expenses involved. Consequently, efficient operation in System A could not be achieved. This would tend to cause competitive and, subsequently, economic problems for the non-wireline carriers as System B licensees would not have this problem.

6. The changes to OST Bulletin No. 53 are shown in the attached Appendix A. Pursuant to Section 553(b)(3)(B) of the Administrative Procedure Act (5 U.S.C. 553), we find that prior notice and comment for this rule change is unnecessary. We believe this rule change in not controversial and that affording prior notice would not result in a significant degree of public comment. As noted above, this change has already been unanimously approved by the EIA cellular committee. Thus, many affected entities have already expressed their support for this change. Additionally, because this equipment alteration is relatively minor and inexpensive, if performed while the equipment is still in the manufacturing stage, this change should invoke little, if any, opposition. Accordingly, we believe that good cause exists for dispensing with prior rule making notice and comment for this action.

7. In addition to the changes to OST Bulletin No. 53 discussed above, two typographical errors in Section 2.6.3.7 of that bulletin have been corrected, as shown in Appendix A. As these corrections do not change the requirements but rather clarify the meaning of the section, prior rulemaking notice is unnecessary.

8. We are also incorporating a further clarifying provision in Part 22 of the regulations. This change, as detailed in Appendix B, would simply state that the joint industry cellular committee operating under the EIA could designate the function of the "reserved" data bits in the wideband data transmissions as long as the cellular equipment remains compatible with the basic service, as detailed in OST Bulletin No. 53, and the resulting cellular service continues to