Federal Register
Vol. 50, No. 2
Thursday, January 3, 1985

Presidential Documents

Title 3—

The President

Executive Order 12496 of December 28, 1984

Adjustments of Certain Rates of Pay and Allowances

By the authority vested in me as President by the Constitution and laws of the United States of America, it is hereby ordered as follows:

Section 1. *Statutory Pay Systems.* Pursuant to the provisions of subchapter I of chapter 53 of title 5 of the United States Code, the rates of basic pay and salaries are adjusted, as set forth at the schedules attached hereto and made a part hereof, for the following statutory pay systems:

(a) The General Schedule (5 U.S.C. 5332(a)) at Schedule 1;

(b) The Foreign Service Schedule (22 U.S.C. 3963) at Schedule 2; and

(c) The schedules for the Department of Medicine and Surgery, Veterans' Administration (38 U.S.C. 4107) at Schedule 3.

Sec. 2. *Senior Executive Service.* Pursuant to the provisions of section 5382 of title 5 of the United States Code, the rates of basic pay are adjusted, as set forth at Schedule 4 attached hereto and made a part hereof, for members of the Senior Executive Service.

Sec. 3. *Executive Salaries.* The Executive Salary Cost-of-Living Adjustment Act (Public Law 94–82; 89 Stat. 419) provides for adjustments in rates of pay and salaries as set forth at the schedules attached hereto and made a part hereof, for the following:

(a) The Vice President (3 U.S.C. 104) and the Executive Schedule (5 U.S.C. 5312–5316) at Schedule 5;

(b) Congressional Salaries (2 U.S.C. 31) at Schedule 6; and

(c) Judicial Salaries (28 U.S.C. 5, 44(d), 135, 153(a), 172(b), and 252) at Schedule 7.

Sec. 4. *Pay and Allowances for Members of the Uniformed Services.* Pursuant to the provisions of Section 601 of Public Law 98–525, the rates of monthly basic pay (37 U.S.C. 203(a)), the rates of basic allowances for subsistence (37 U.S.C. 402), and the rates of basic allowance for quarters (37 U.S.C. 403(a)) are adjusted, as set forth at Schedule 8 attached hereto and made a part hereof, for members of the uniformed services.

Sec. 5. *Effective Date.* The adjustments in rates of monthly basic pay and allowances for subsistence and quarters for members of the uniformed services, and all other adjustments of salary or rates of basic pay provided for herein, shall be effective on the first day of the first applicable pay period beginning on or after January 1, 1985.

Sec. 6. Executive Order No. 12456 of December 30, 1983, as amended, is superseded.

Ronald Reagan

THE WHITE HOUSE,
December 28, 1984.

Billing code 3195-01-M

SCHEDULE 1--GENERAL SCHEDULE

	1	2	3	4	5	6	7	8	9	10
GS-1	$9,339	$9,650	$9,961	$10,271	$10,582	$10,764	$11,071	$11,380	$11,393	$11,686
2	10,501	10,750	11,097	11,393	11,521	11,860	12,199	12,538	12,877	13,216
3	11,458	11,840	12,222	12,604	12,986	13,368	13,750	14,132	14,514	14,896
4	12,862	13,291	13,720	14,149	14,578	15,007	15,436	15,865	16,294	16,723
5	14,390	14,870	15,350	15,830	16,310	16,790	17,270	17,750	18,230	18,710
6	16,040	16,575	17,110	17,645	18,180	18,715	19,250	19,785	20,320	20,855
7	17,824	18,418	19,012	19,606	20,200	20,794	21,388	21,982	22,576	23,170
8	19,740	20,398	21,056	21,714	22,372	23,030	23,688	24,346	25,004	25,662
9	21,804	22,531	23,258	23,985	24,712	25,439	26,166	26,893	27,620	28,347
10	24,011	24,811	25,611	26,411	27,211	28,011	28,811	29,611	30,411	31,211
11	26,381	27,260	28,139	29,018	29,897	30,776	31,655	32,534	33,413	34,292
12	31,619	32,673	33,727	34,781	35,835	36,889	37,943	38,997	40,051	41,105
13	37,599	38,852	40,105	41,358	42,611	43,864	45,117	46,370	47,623	48,876
14	44,430	45,911	47,392	48,873	50,354	51,835	53,316	54,797	56,278	57,759
15	52,262	54,004	55,746	57,488	59,230	60,972	62,714	64,456	66,198	67,940
16	61,296	63,339	65,382	67,425	69,468*	71,511*	73,554*	75,597*	77,640*	
17	71,804*	74,197*	76,590*	78,983*	81,376*					
18	84,157*									

* The rate of basic pay payable to employees at these rates is limited to the rate payable for level V of the Executive Schedule, which is $68,700.

SCHEDULE 2--FOREIGN SERVICE SCHEDULE

Step	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	Class 8	Class 9
1	$52,262	$42,348	$34,315	$27,806	$22,531	$20,142	$18,006	$16,097	$14,390
2	53,830	43,618	35,344	28,640	23,207	20,746	18,546	16,580	14,822
3	55,445	44,927	36,405	29,499	23,903	21,369	19,103	17,077	15,266
4	57,108	46,275	37,497	30,384	24,620	22,010	19,676	17,590	15,724
5	58,821	47,663	38,622	31,296	25,359	22,670	20,266	18,117	16,196
6	60,586	49,093	39,780	32,235	26,120	23,350	20,874	18,661	16,682
7	62,404	50,566	40,974	33,202	26,903	24,051	21,500	19,221	17,182
8	64,276	52,083	42,203	34,198	27,710	24,772	22,145	19,797	17,698
9	66,204	53,645	43,469	35,224	28,542	25,515	22,809	20,391	18,229
10	67,940	55,255	44,773	36,281	29,398	26,281	23,494	21,003	18,776
11	67,940	56,912	46,116	37,369	30,280	27,069	24,199	21,633	19,339
12	67,940	58,620	47,500	38,490	31,188	27,881	24,925	22,282	19,919
13	67,940	60,378	48,925	39,645	32,124	28,718	25,672	22,950	20,517
14	67,940	62,189	50,393	40,834	33,088	29,579	26,442	23,639	21,132

SCHEDULE 3--DEPARTMENT OF MEDICINE AND SURGERY SCHEDULES
VETERANS ADMINISTRATION

Section 4103 Schedule

Chief Medical Director	$94,375***
Deputy Chief Medical Director	90,532**
Associate Deputy Chief Medical Director	86,713*
Assistant Chief Medical Director	84,157*

	Minimum	Maximum
Medical Director	$71,804*	$81,376*
Director of Nursing Service	71,804*	81,376*
Director of Podiatric Service	61,296	77,640*
Director of Chaplain Service	61,296	77,640*
Director of Pharmacy Service	61,296	77,640*
Director of Dietetic Service	61,296	77,640*
Director of Optometric Service	61,296	77,640*

Physician and Dentist Schedule

Director grade	$61,296	$77,640*
Executive grade	56,599	73,582*
Chief grade	52,262	67,940
Senior grade	44,430	57,759
Intermediate grade	37,599	48,876
Full grade	31,619	41,105
Associate grade	26,381	34,292

Nurse Schedule

Director grade	$52,262	$67,940
Assistant Director grade	44,430	57,759
Chief grade	37,599	48,876
Senior grade	31,619	41,105
Intermediate grade	26,381	34,292
Full grade	21,804	28,347
Associate grade	18,763	24,388
Junior grade	16,040	20,855

Clinical Podiatrist and Optometrist Schedule

Chief grade	$52,262	$67,940
Senior grade	44,430	57,759
Intermediate grade	37,599	48,876
Full grade	31,619	41,105
Associate grade	26,381	34,292

*** The rate of basic pay is limited to the rate payable for level III of the Executive Schedule, which is $73,600.

** The rate of basic pay is limited to the rate payable for level IV of the Executive Schedule, which is $72,300.

* The rate of basic pay is limited to the rate payable for level V of the Executive Schedule, which is $68,700.

SCHEDULE 4--SENIOR EXECUTIVE SERVICE SCHEDULE

ES-1	$61,296
ES-2	63,764
ES-3	66,232
ES-4	68,700
ES-5	70,500
ES-6	72,300

SCHEDULE 5--VICE PRESIDENT AND EXECUTIVE SCHEDULE

Vice President	$97,900
level I	86,200
level II	75,100
level III	73,600
level IV	72,300
level V	68,700

SCHEDULE 6--CONGRESSIONAL SALARIES

Senators	$75,100
Members of the House of Representatives	75,100
Delegates to the House of Representatives	75,100
Resident Commissioner from Puerto Rico	75,100
President pro tempore of the Senate	85,000
Majority leader and minority leader of the Senate	85,000
Majority leader and minority leader of the House of Representatives	85,000
Speaker of the House of Representatives	97,900

SCHEDULE 7--JUDICIAL SALARIES

Chief Justice of the United States	$104,700*
Associate Justices of the Supreme Court	100,600*
Circuit Judges	80,400*
District Judges	76,000*
Judges of the Court of International Trade	76,000*
Judges of the United States Claims Court	70,200
Bankruptcy Judges	68,400

* Under section 140 of Public Law 97-92 (95 Stat. 1200), salaries for Federal judges and Justices of the Supreme Court are not increased.

Schedule 8--PAY AND ALLOWANCES OF THE UNIFORMED SERVICES
Part I--Monthly Basic Pay
(Years of service computed under 37 U.S.C. 205)

Commissioned Officers

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
0-10 1/	$5069.40	$5247.90	$5247.90	$5247.90	$5247.90	$5449.20	$5449.20
0-9	4493.10	4610.70	4708.80	4708.80	4708.80	4828.50	4828.50
0-8	4069.50	4191.30	4290.90	4290.90	4290.90	4610.70	4610.70
0-7	3381.60	3611.40	3611.40	3611.40	3773.10	3773.10	3992.10
0-6	2506.20	2753.70	2934.00	2934.00	2934.00	2934.00	2934.00
0-5	2004.60	2354.10	2516.40	2516.40	2516.40	2516.40	2592.90
0-4	1689.60	2057.40	2194.80	2194.80	2235.30	2334.30	2493.30
0-3 2/	1570.20	1755.30	1876.50	2076.30	2175.60	2254.20	2375.70
0-2 2/	1369.20	1495.20	1796.10	1856.70	1895.70	1895.70	1895.70
0-1 2/	1188.60	1237.50	1495.20	1495.20	1495.20	1495.20	1495.20

Pay Grade	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
0-10 1/	$5866.20*	$5866.20*	$6285.90*	$6285.90*	$6706.50*	$6706.50*	$7124.70*
0-9	5029.50	5029.50	5449.20	5449.20	5866.20*	5866.20*	6285.90*
0-8	4828.50	4828.50	5029.50	5247.90	5449.20	5667.60	5667.60
0-7	3992.10	4191.30	4610.70	4927.50	4927.50	4927.50	4927.50
0-6	2934.00	3033.60	3513.30	3693.00	3773.10	3992.10	4329.60
0-5	2732.10	2915.10	3133.20	3313.20	3413.40	3532.50	3532.50
0-4	2633.70	2753.70	2874.60	2954.10	2954.10	2954.10	2954.10
0-3 2/	2493.30	2554.80	2554.80	2554.80	2554.80	2554.80	2554.80
0-2 2/	1895.70	1895.70	1895.70	1895.70	1895.70	1895.70	1895.70
0-1 2/	1495.20	1495.20	1495.20	1495.20	1495.20	1495.20	1495.20

* Basic pay is limited to the rate of basic pay payable for level V of the Executive Schedule, which is $5,724.90 per month.

1/ While serving as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, basic pay for this grade is $7,861.20* regardless of cumulative years of service computed under section 205 of title 37, United States Code.

2/ Does not apply to commissioned officers who have been credited with over 4 years' active service as enlisted members and/or as warrant officers.

Commissioned Officers credited with over 4 years' active duty as an enlisted member and/or warrant officer

Pay Grade	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14
O-3	$2076.30	$2175.60	$2254.20	$2375.70	$2493.30	$2592.90
O-2	1856.70	1895.70	1955.70	2057.40	2136.00	2194.80
O-1	1495.20	1597.20	1656.00	1716.00	1775.70	1856.70

	Over 16	Over 18	Over 20	Over 22	Over 26
O-3	$2592.90	$2592.90	$2592.90	$2592.90	$2592.90
O-2	2194.80	2194.80	2194.80	2194.80	2194.80
O-1	1856.70	1856.70	1856.70	1856.70	1856.70

Warrant Officers

Pay Grade	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
W-4	$1599.60	$1716.00	$1716.00	$1755.30	$1835.10	$1916.10	$1996.50
W-3	1453.80	1577.10	1577.10	1597.20	1616.10	1734.30	1835.10
W-2	1273.50	1377.60	1377.60	1417.80	1495.20	1577.10	1636.80
W-1	1061.10	1216.50	1216.50	1317.90	1377.60	1436.70	1495.20

	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
W-4	$2136.00	$2235.30	$2313.90	$2375.70	$2452.50	$2534.70	$2732.10
W-3	1895.70	1955.70	2014.20	2076.30	2157.00	2235.30	2313.90
W-2	1696.80	1755.30	1816.80	1876.50	1935.90	2014.20	2014.20
W-1	1557.30	1616.10	1675.80	1734.30	1796.10	1796.10	1796.10

Pay Grade	Enlisted Members						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
E-9 1/	-----	-----	-----	-----	-----	-----	$1860.60
E-8	-----	-----	-----	-----	-----	$1560.60	1605.00
E-7	$1089.60	$1176.00	$1219.80	$1262.40	$1305.60	1347.00	1390.20
E-6	937.20	1021.80	1064.40	1109.70	1150.80	1192.80	1236.60
E-5	822.60	895.50	938.70	979.80	1044.00	1086.30	1129.80
E-4	767.40	810.30	857.70	924.60	960.90	960.90	960.90
E-3	723.00	762.30	793.20	824.70	824.70	824.70	824.70
E-2	695.40	695.40	695.40	695.40	695.40	695.40	695.40
E-1 2/	620.40	620.40	620.40	620.40	620.40	620.40	620.40
E-1 3/	573.60	573.60	573.60	573.60	573.60	573.60	573.60

Pay Grade	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
E-9 1/	$1902.90	$1945.80	$1990.50	$2034.90	$2074.50	$2183.70	$2395.80
E-8	1647.00	1690.20	1734.60	1774.80	1818.30	1925.10	2139.90
E-7	1433.40	1498.20	1540.80	1584.00	1604.70	1712.40	1925.10
E-6	1300.20	1341.00	1384.20	1405.20	1405.20	1405.20	1405.20
E-5	1171.20	1192.80	1192.80	1192.80	1192.80	1192.80	1192.80
E-4	960.90	960.90	960.90	960.90	960.90	960.90	960.90
E-3	824.70	824.70	824.70	824.70	824.70	824.70	824.70
E-2	695.40	695.40	695.40	695.40	695.40	695.40	695.40
E-1 2/	620.40	620.40	620.40	620.40	620.40	620.40	620.40
E-1 3/	573.60	573.60	573.60	573.60	573.60	573.60	573.60

1/ While serving as Sergeant Major of the Army, Master Chief Petty Officer of the Navy or Coast Guard, Chief Master Sergeant of the Air Force, or Sergeant Major of the Marine Corps, basic pay for this grade is $2,912.10

2/ Applies to personnel who have served 4 months or more on active duty.

3/ Applies to personnel who have served less than 4 months on active duty.

Part II--Basic Allowance for Subsistence Rates

Officers (per month): $106.18

Enlisted Members (per day):

	E-1 (less than 4 months)[1]	All Other Enlisted
When on leave or authorized to mess separately:	$4.68	$5.06
When rations-in-kind are not available:	$5.29	$5.72
When assigned to duty under emergency conditions where no messing facilities of the United States are available:	$7.00	$7.57

[1] Applies to personnel who have served less than 4 months on active duty.

Part III--Monthly Basic Allowance For Quarters Rates

Pay Grade	Without dependents: Full rate 1/	Without dependents: Partial rate 2/	With dependents
Commissioned officers:			
0-10	$537.30	$50.70	$660.90
0-9	537.30	50.70	660.90
0-8	537.30	50.70	660.90
0-7	537.30	50.70	660.90
0-6	493.20	39.60	599.40
0-5	465.30	33.00	552.30
0-4	426.60	26.70	504.90
0-3	345.30	22.20	420.90
0-2	278.10	17.70	360.90
0-1	238.50	13.20	323.70
Warrant officers:			
W-4	$391.20	$25.20	$453.90
W-3	330.30	20.70	405.90
W-2	297.00	15.90	379.50
W-1	251.40	13.80	330.90
Enlisted members:			
E-9	$315.30	$18.60	$429.90
E-8	292.20	15.30	400.50
E-7	249.30	12.00	372.60
E-6	221.40	9.90	337.80
E-5	204.90	8.70	300.30
E-4	177.60	8.10	259.50
E-3	172.50	7.80	238.50
E-2	146.40	7.20	238.50
E-1	133.50	6.90	238.50

1/ Payment of the full rate of basic allowance for quarters at these rates to members of the uniformed services without dependents is authorized by title 37, United States Code, and part IV of Executive Order 11157, as amended.

2/ Payment of the partial rate of basic allowance for quarters at these rates to members of the uniformed services without dependents who, under 37 U.S.C. 403(b) or 403(c), are not entitled to the full rate of basic allowance for quarters, is authorized by 37 U.S.C. 1009(d) and part IV of Executive Order 11157, as amended.

Note: The rate for a member who is entitled to a basic allowance for quarters on or after January 1, 1985, and who was entitled to such an allowance on December 31, 1984, shall not be less than the rate that was in effect for that member on December 31, 1984 (unless the member holds a lower grade than held on that date or has changed from a "with dependents" to a "without dependents" status).

[FR Doc. 84-34018
Filed 12-31-84; 12:57 pm]
Billing code 3195-01-C

Presidential Documents

Proclamation 5291 of December 28, 1984

To Modify Duties on Certain Articles Used in Civil Aircraft and on Globes

By the President of the United States of America

A Proclamation

1. Pursuant to section 234 of the Trade and Tariff Act of 1984 (P.L. 98-573), I have determined that modifications in the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202), as set forth in the Annex to this proclamation, are appropriate in order to provide duty-free coverage comparable to the expanded coverage provided by other signatories to the Agreement on Trade in Civil Aircraft (the Agreement; 31 UST (pt. 1) 619) as set forth in the Annex to the March 22, 1984, decision of the Committee on Civil Aircraft under the Agreement.

2. I authorize the United States Trade Representative, or his designee, on behalf of the United States of America, to implement the portion of the consolidated Annex to the Agreement which pertains to articles imported into the United States, recorded in the decision of March 22, 1984, upon his determination that the additional duty-free treatment to be accorded by the United States, as set forth in the Annex to this proclamation, is comparable to the expanded coverage provided by other signatories to the Agreement.

3. Pursuant to section 167(b) of the Educational, Scientific, and Cultural Materials Importation Act of 1982 (96 Stat. 2439, 19 U.S.C. 1202 note), I have determined that it is in the interest of the United States to implement, on a temporary basis, the duty-free treatment for such articles as are provided for in the amendment to section 163(c)(3) of that Act made by section 191(c)(2)(B) of the Trade and Tariff Act of 1984. These articles were omitted through technical error from the 1982 Act implementing the Nairobi Protocol (97th Congress, 1st Session, Senate Treaty Document 97-2, p. 9) to the Florence Agreement on the Importation of Educational, Scientific, and Cultural Materials, and from Proclamation 5021 of February 14, 1983 (48 F.R. 6883), providing temporary duty reductions to certain imported articles. I have also determined, pursuant to section 604 of the Trade Act of 1974 (19 U.S.C. 2483), to modify the TSUS to provide temporary duty reductions to such additional articles.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes of the United States, including but not limited to sections 234 of the Trade and Tariff Act of 1984, section 167(b)(2) of the Educational, Scientific, and Cultural Materials Importation Act of 1982, and section 604 of the Trade Act of 1974, do proclaim that:

(1) Item 960.70 in part 4 of the Appendix to the TSUS is modified by inserting after "models)" the language ", globes,". This modification is effective with respect to articles entered, or withdrawn from warehouse for consumption, on or after November 14, 1984.

(2) The TSUS are further modified as provided in the Annex to this proclamation, attached hereto and made a part hereof.

(3) The modifications to the TSUS made by paragraph (2) shall be effective with respect to articles entered, or withdrawn from warehouse for consump-

tion, on and after the date designated by the United States Trade Representative or his designee and published in the Federal Register along with his determination that the duty-free coverage provided by the United States is comparable to the expanded coverage provided by other signatories to the Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-eighth day of December, in the year of our Lord nineteen hundred and eighty-four, and of the Independence of the United States of America the two hundred and ninth.

Ronald Reagan

Billing code 3195-01-M

ANNEX

MODIFICATIONS OF THE TARIFF SCHEDULES OF THE UNITED STATES

Notes:

1. Bracketed matter is included to assist in the understanding of the proclaimed modifications.
2. The following items, with or without preceding superior descriptions, supersede matter now in the Tariff Schedules of the United States (TSUS). The items and superior descriptions are set forth in columnar form and material in such columns is inserted in the columns of the TSUS designated "Item", "Articles", "Rates of Duty 1", and "Rates of Duty 2", respectively.

Subject to the above notes the TSUS are modified as follows:

1. The following new item is inserted immediately after item 646.95:

	[Door . . .]		
"646.96	Automatic door closers, if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6).....................	Free	45% ad val."

2. Item 660.87 is superseded by:

	[Non-electric . . .:]		
	[Other]		
"660.87	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	27.5% ad val."

3. Item 660.99 is superseded by:

	[Pumps . . .:]		
	[Other]		
"660.99	Pumps for liquids, operated by any kind of power unit, and parts thereof, if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	35% ad val."

4. Item 661.08 is superseded by:

	[Air . . .:]		
	[Fans . . .:]		
	[Other]		
"661.08	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)..................	Free	35% ad val."

5. Item 661.14 is superseded by:

	[Air . . .:]		
	[Compressors, . . .:]		
	[Other . . .]		
"661.14	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)..................	Free	35% ad val."

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6. Item 661.17 is superseded by:

	[Air . . .:]		
	[Other]		
"661.17	Air pumps and vacuum pumps, and parts thereof; all the foregoing if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	35% ad val."

7. Item 661.22 is superseded by:

	[Air-conditioning . . .]		
"661.22	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)....	Free	35% ad val."

8. Item 661.37 is superseded by:

	[Refrigerators . . .]		
"661.37	Refrigerators and refrigerating equipment; heat exchange units, and parts thereof, for refrigerators and refrigerating equipment; all the foregoing if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)............................	Free	35% ad val."

9. The superior heading to items 680.46 through 681.24 is modified by deleting ", aircraft,".

10. The following new item is inserted immediately after item 680.62:

	[Gear . . .:]		
	[Gear . . .:]		
	[Other . . .]		
"680.63	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)..................	Free	65% ad val."

11. Item 681.01 is superseded by:

	[Gear . . .:]		
	[Pulleys . . .:]		
"681.01	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	45% ad val."

12. Item 681.18 is superseded by:

	[Gear . . .:]		
	[Torque . . .]		
"681.18	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	27.5% ad val."

13. Item 681.24 is superseded by:

	[Gear . . .:]		
	[Chain . . .]		
"681.24	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	45% ad val."

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14. The following new item is inserted immediately after item 682.05:

	[Generators, . . .:] [Transformers:] [Rated . . .]		
"682.06	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)..................	Free	35% ad val."

15. (a) Items 683.05, 683.06, 683.07, and 683.08 are redesignated as 683.01, 683.02, 683.12, and 683.13, respectively.

(b) The following new item is inserted immediately after item 683.02:

	[Storage . . .:] [Lead-acid . . .:] [12-volt . . .]		
"683.03	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)..................	Free	40% ad val."

(c) The following new item is inserted immediately after item 683.13:

	[Storage . . .:] [Lead-acid . . .:] [Other, . . .]		
"683.14	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)..................	Free	40% ad val."

(d) The following new item is inserted immediately after item 683.16:

	[Storage . . .:] [Other]		
"683.17	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)........................	Free	40% ad val."

16. The following new item is inserted immediately after item 708.09:

	[Lenses, . . .:] [Not . . .:]		
"708.10	Any article described in the foregoing items 708.01 through 708.09, inclusive, if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)......................	Free	The column 2 rate applicable in the absence of this item"

17. The following new item is inserted immediately after item 708.29:

	[Lenses, . . .:] [Mounted:]		
"708.30	Any article described in the foregoing items 708.21 through 708.29, inclusive, if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6)......................	Free	The column 2 rate applicable in the absence of this item"

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18. (a) Items 711.75, 711.76, and 711.77 are redesignated as 711.70, 711.71, and 711.72, respectively.

(b) The following new item is inserted immediately after item 711.72:

	[Pressure . . .:] [Flow . . .:] [Parts]		
"711.73	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6).................	Free	65% ad val."

19. Item 711.81 is superseded by:

	[Pressure . . .:] [Other]		
"711.81	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6).........................	Free	35% ad val."

20. Item 712.00 is superseded by:

	[Revolution . . .:] [Other]		
"712.00	Speedometers and tachometers, and parts thereof; all the foregoing if certified for use in civil aircraft (see headnote 3, part 6C, schedule 6).........................	Free	35% ad val."

21. Item 712.52 is superseded by:

	[Electrical . . .:] [Other:] [Other]		
"712.52	If certified for use in civil aircraft (see headnote 3, part 6C, schedule 6).................	Free	40% ad val."

[FR Doc. 84-34019
Filed 12-31-84; 12:58 pm]
Billing code 3195-01-C

Presidential Documents

Executive Order 12497 of December 29, 1984

President's Advisory Committee on Mediation and Conciliation

By the authority vested in me as President by the Constitution and laws of the United States of America, including the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), and in order to extend the life of the President's Advisory Committee on Mediation and Conciliation, it is hereby ordered that Section 4(b) of Executive Order No. 12462 of February 17, 1984, is amended to read: "The Committee shall terminate on September 30, 1985, unless sooner extended."

Ronald Reagan

THE WHITE HOUSE,
December 29, 1984.

[FR Doc. 84-34020
Filed 12-31-84; 12:59 pm]
Billing code 3195-01-M

Rules and Regulations

Federal Register
Vol. 50, No. 2
Thursday, January 3, 1985

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

7 CFR Parts 905, 907, 908, 912, 913, 917, 928, and 932

Expenses and Rates of Assessment for Specified Marketing Orders

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This regulation authorizes expenditures and establishes assessment rates under Marketing Orders 905, 907, 908, 912, 913, 917, 928, and 932. In addition, this regulation increases the 1984 fiscal year budget for California olives, and the 1984–85 budget for California plums. Funds to administer these programs are derived from assessments on handlers.

EFFECTIVE DATES: January 1, 1984–December 31, 1984 (§ 932.218); March 1, 1984–February 28, 1985 (§ 917.238); August 1, 1984–July 31, 1985 (§§ 905.223, 912.224, and 913.220); November 1, 1984–October 31, 1985 (§§ 907.222 and 908.224); January 1, 1985–December 31, 1985 (§§ 928.214, and 932.219).

FOR FURTHER INFORMATION CONTACT: William J. Doyle, Chief, Fruit Branch, F&V, AMS, USDA, Washington, D.C. 20250, telephone (202)447–5975.

SUPPLEMENTARY INFORMATION: This rule has been reviewed under Secretary's Memorandum 1512–1 and Executive Order 12291 and has been designated a "non-major" rule. William T. Manley, Acting Administrator, Agricultural Marketing Service, has certified that these actions will not have a significant economic impact on a substantial number of small entities because they would not measurably affect costs for the directly regulated handlers.

These marketing orders are effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674). These actions are based upon recommendations and information submitted by each committee, established under the respective marketing orders, and upon other information. It is found that the expenses and rates of assessment, as hereinafter provided, will tend to effectuate the declared policy of the act.

It is further found that it is impracticable and contrary to the public interest to give preliminary notice and engage in public rulemaking, and good cause exists for not postponing the effective dates until 30 days after publication in the **Federal Register** (5 U.S.C. 553). Each order requires that the rate of assessment for a particular fiscal period shall apply to all assessable commodities handled from the beginning of such period. To enable the committees to meet current fiscal obligations, approval of the expenses and rates of assessment is necessary without delay. It is necessary to effectuate the declared policy of the act to make these provisions effective as specified, and handlers have been apprised of such provisions and the effective dates.

List of Subjects 7 CFR Parts 905, 907, 908, 912, 913, 917, 928, and 932

Marketing Agreements and Orders, Oranges, Grapefruit, Tangerines, and Tangelos, Florida, Oranges (Navel and Valencia), California, Arizona, Grapefruit, Indian River District and Interior District, Florida, Pear, Plums, Peaches, California, Papayas, Hawaii, Olives, California.

Therefore, new §§ 905.223, 907.222, 908.224, 912.224, 913.220, 928.214, and 932.219 are added, and §§ 917.238 (49 FR 32323) and 932.218 (49 FR 1), are amended to read as follows (the following sections prescribe annual expenses and assessment rates and will not be published in the Code of Federal Regulations):

PART 905—ORANGES, GRAPEFRUIT, TANGERINES, AND TANGELOS GROWN IN FLORIDA

§ 905.223 Expenses and assessment rate.

Expenses of $229,270 by the Citrus Administrative Committee are authorized, and an assessment rate of $0.004 per 4/5 bushel carton of fruit is established for the fiscal period ending July 31, 1985.

PART 907—NAVEL ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

§ 907.222 Expenses and assessment rate.

Expenses of $1,123,085 by the Navel Orange Administrative Committee are authorized, and an assessment rate of $0.021 per carton of Navel oranges is established for the fiscal year ending October 31, 1985.

PART 908—VALENCIA ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

§ 908.224 Expenses and assessment rate.

Expenses of $623,655 by the Valencia Orange Administrative Committee are authorized, and an assessment rate of $0.024 per carton of Valencia oranges is established for the fiscal year ending October 31, 1985.

PART 912—GRAPEFRUIT GROWN IN THE INDIAN RIVER DISTRICT IN FLORIDA

§ 912.224 Expenses.

Expenses of $3,270 by the Indian River Grapefruit Committee are authorized for the fiscal period ending July 31, 1985. Unexpended funds from the fiscal period ended July 31, 1984, may be carried over as a reserve to fund such expenses.

PART 913—GRAPEFRUIT GROWN IN THE INTERIOR DISTRICT IN FLORIDA

§ 913.220 Expenses and assessment rate.

Expenses of $5,725 by the Interior Grapefruit Marketing Committee are authorized and an assessment rate of $0.00075 per carton (4/5 bushel) of grapefruit is established for the fiscal year ending July 31, 1985.

PART 917—FRESH PEARS, PLUMS, AND PEACHES GROWN IN CALIFORNIA

§ 917.238 Expenses and Assessment rate.

Expenses of $2,710,081 by the Plum Commodity Committee are authorized, and an assessment rate of $0.17 per No. 22 D standard lug box of plums is authorized for the fiscal year ending February 28, 1985.

PART 928—PAPAYAS GROWN IN HAWAII

§ 928.214 Expenses and assessment rate.

Expenses of $660,007 by the Papaya Administrative Committee are authorized, and an assessment rate of $0.006 per pound of papayas is established for the fiscal year ending December 31, 1985. Unexpended funds may be carried over as a reserve.

PART 932—OLIVES GROWN IN CALIFORNIA

§ 932.218 Expenses and assessment rate.

Expenses of $2,075,382 by the California Olive Committee are authorized for the fiscal year January 1, 1984 through December 31, 1984. The rate of assessment for that period shall be established at $42.76 per ton, less any amount credited pursuant to § 932.45 but not to exceed $18.54 per ton. Unexpended funds may be carried over as a reserve.

§ 932.219 Expenses and assessment rate.

Expenses of $2,162,360 by the California Olive Committee are authorized for the fiscal year January 1, 1985, through December 31, 1985. The rate of assessment for that period shall be established at $28.05 per ton, less any amount credited pursuant to § 932.45 but not to exceed $8.25 per ton. Unexpended funds may be carried over as a reserve.

(Secs. 1–19, 48 Stat. 31, as amended: 7 U.S.C. 601–674)

Dated: December 28, 1984.

Thomas R. Clark,

Deputy Director, Fruit and Vegetable Division.

[FR Doc. 85–133 Filed 1–2–85; 8:45 am]

BILLING CODE 3410–02–M

CIVIL AERONAUTICS BOARD

14 CFR Part 241

[Regulation ER–1401; Economic Reg.; Amdt. No. 54 to Part 241; Docket 42114]

Uniform System of Accounts and Reports for Large Certificated Air Carriers; Reduction in Reporting Requirements

Editorial Note: FR Doc. 84–33742, published in the **Federal Register** of Monday, December 31, 1984, renamed Chapter II of Title 14 as follows: "Chapter II—Office of the Secretary, Department of Transportation (Aviation Proceedings)."

AGENCY: Civil Aeronautics Board.

ACTION: Final rule.

SUMMARY: The CAB reduces for large certificated air carriers the financial and statistical reporting requirements contained in the CAB Form 41 Report by eliminating fourteen reporting schedules, decreasing the level of detail reported on many of the remaining Form 41 schedules and eliminating the filing of the nine remaining statements of carrier accounting procedures. These actions more closely align the data collected with the data needed to administer CAB and other Federal programs that will continue after sunset.

DATES: *Adopted:* November 28, 1984. *Effective:* January 1, 1985.

The reporting requirements contained in this rule are subject to Office of Management and Budget clearance which has been granted under clearance number 3024–0013 until June 30, 1985.

FOR FURTHER INFORMATION CONTACT: Jack M. Calloway or M. Clay Moritz, Jr., Data Requirements Section, Information Management Division, Office of Comptroller, Civil Aeronautics Board, 1825 Connecticut Avenue, NW., Washington, D.C. 20428, (202) 673–6042 or after December 31, 1984, Office of Aviation Information Management, Data Requirements and Public Reports Division, DAI–10, Room 4125, Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, SW., Washington, D.C. 20590, (202) 426–7372.

SUPPLEMENTARY INFORMATION: In a notice of proposed rulemaking adopted April 10, 1984, the Board proposed to reduce the reporting requirements contained in Part 241 of its Economic Regulations (EDR–472, 49 FR 18509, May 1, 1984). This proposal was intended to reduce the level of financial and statistical data collected from large certificated carriers to better align the data collected with the data needed to administer the CAB programs that will continue after sunset. The proposal was also intended to ensure the continued post-sunset collection of air carrier data that are needed by other Federal agencies in administering their programs. Essentially, EDR–472 proposed to:

1. Eliminate fourteen Form 41 schedules;[1]

2. Eliminate the remaining nine accounting procedures statements;

3. Eliminate the reporting of twelve months-to-date data on certain Form 41 schedules;

4. Transfer data elements between Form 41 schedules to facilitate the elimination of schedules; and

5. Simplify Form 41 schedule data formats by eliminating and consolidating data elements.

Fifteen comments were received in response to the rulemaking notice. Of the fifteen, five were from commercial consulting firms,[2] three from certificated air carriers,[3] three from State and local government agencies,[4] two from other Federal agencies,[5] and one each from the Air Transport Association of America (on behalf of fifteen member airlines)[6] and the Douglas Aircraft Company. The comments filed by the Department of Transportation, Douglas Aircraft Company, Merrill Lynch Capital Markets and Roberts and Associates support the post-sunset level of reporting proposed by EDR–472; however, the remainder of the comments suggest certain modifications to the proposed changes. These modifications are discussed below under separate captions.

Post Sunset Need for Recurrent Reporting

The Air Transport Association of America (ATA) and Delta filed comments questioning the need for recurrent reporting as proposed in EDR-472. Both comments propose replacing recurrent Form 41 reporting with *ad hoc* reporting that is tailored to each regulatory program and is applied only

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[1] Schedules B–3 "Statement of Changes in Stockholders' Equity," "B–5 "Property and Equipment," B–7(b) "Flight Equipment Acquired", B–10 "Unamortized Developmental and Preoperating Costs," B–13 "Summary of Projected Financial Commitments and Releated Deposits," B–41 "Receivables, Payables and Investments Relating to Affiliates and Other Investment Data," B–43.1 "Aircraft Inventory Data," B–46 "Long-Term and Short-Term Nontrade Debt," P–3 "Transport Revenues: Depreciation and Amortization; Nonoperating Income and Expenses (Net)," P–3(a) "Income Taxes," P–4 "Transpport-Related Revenues and Expenses; Explanation of Extraordinary Items and Cumulative Effect of Accounting Changes on Prior Years; Explanation of Prior Period Adjustments and Dividends Declared," P–5.1(a) "Statement of Aircraft Operating Expenses," P–9(a) "Components of Flight Equipment Depreciation," and T–2(b) "Traffic, Capacity, Aircraft Operations and Miscellaneous Statistics by Type of Aircraft."

[2] Greyhound Leasing and Financial Corporation; Merrill Lynch Capital Markets; Roberts and Associates, Inc.; Simat, Helliesen & Eichner, Inc. and TAI Inc.

[3] Continental Air Lines, Inc. Delta Air Lines, Inc. and Northwest Airlines, Inc. Continental filed to concur with ATA's comments. Delta and Northwest joined in ATA's comments and also filed on their own behalf.

[4] Arizona Department of Revenue, Port of Oakland and State Tax Commissioner—North Dakota.

[5] Department of Defense (Military Airlift Command) and Department of Transportation.

[6] Comments of the Air Transport Association were filed on behalf of: American Airlines, Inc. Capitol Air, Delta Air Lines, Inc., Frontier Airlines Inc., Hawaiian Airlines, Northwest Airlines, Ozark Air Lines, Pan American World Airways, Inc., Piedmont Airlines, PSA-Pacific Southwest Airlines, The Flying Tiger Line, Inc., United Air Lines, USAir, Western Air Lines and Wien Air Alaska.

to those carriers participating in a particular program. While Delta suggests total replacement of Form 41 with *ad hoc* reporting, ATA would limit the applicability of such reporting to examinations of merger proposals, interlocking relationships, airline agreements and antitrust immunity requests. For essential air service, ATA suggests that reporting be required only of carriers participating in the program. Similarly, ATA states that only those carriers engaging in foreign air transportation should be covered by the Board's proposal and only to the extent of their international operations.

While the Board recognizes the value of *ad hoc* reporting in reducing carrier reporting burden, it believes that the nature of the Federal programs that are supported by Form 41 data require a certain minimum level of recurrent reporting. For example, the Department of Commerce's Bureau of Economic Analysis (BEA) uses, among other things, carrier cost data on Form 41 Schedules P-5, P-6, P-7 and P-8 in developing the estimation of the gross national product (GNP), the international transactions accounts, the input-output tables of the United States, which trace the purchases and sales among all industries in the economy and the constant dollar GNP by industry series. This data requirement lends itself to recurrent reporting which serves to maintain an air transportation industry data base that is suitable for economic trend analysis. The Form 41 data needed by BEA are also used by the Board in its essential air service and international programs as well as by the Department of the Air Force in establishing military airlift contract rates.

As can be seen from the above examples of Form 41 data use, it would be impractical to tie carrier reporting to program participation due to the cross utilization of carrier data by the various Federal programs. In past times of greater industry regulation, the Board did, whenever possible, limit reporting to only those carriers participating in a particular program. For example, the submission of Form 41, Schedules B-10 "Unamortized Developmental and Preoperating Costs" and P-5(a) "Components of Flight Equipment Depreciation" was limited to only those carriers participating in the Board's section 406 subsidy program. With the elimination of this program, both schedules have been proposed for elimination.

As to ATA's comment that carriers engaging in foreign air transportation should be covered by the proposed reporting level only to the extent of their international operations, the Board's staff uses total system data in monitoring a carrier's fitness for conducting international operations. Total system and entity data are also used in evaluating international service proposals and developing recommendations for international route awards.

It must be kept in mind that the recent enactment of the Civil Aeronautics Board Sunset Act of 1984[7] transfers to DOT the Board's authority to determine the fitness of applicants for certificated authority to conduct domestic operations. Fitness determinations to conduct international operations were previously transferred to DOT by the Airline Deregulation Act of 1978. The legislation also transfers to DOT the Board's authority to monitor the fitness of certificated air carriers on a continuous basis. This transfer of authority further supports the need for recurrent Form 41 data and causes the addition of domestic fitness monitoring to the other Federal program needs for Form 41 data that were enumerated in EDR-472. The transfer of this authority to DOT will not increase carrier reporting burden since the proposed level of reporting already includes sufficient Form 41 data to enable DOT to monitor carrier fitness both domestically and internationally.

Any additional data needs regarding an individual carrier's fitness can be addressed by DOT through *ad hoc* reporting. The Board envisions DOT also using *ad hoc* reporting to supplement the Form 41 data base when needed to examine merger proposals, interlocking relationships, airline agreements and antitrust immunity requests.

In a final comment on post-sunset reporting, ATA recommends that reporting levels for all scheduled carriers should be the same except in support of specific programs that are not applicable to all carriers. As previously explained, the overlapping data requirements of the various Federal agencies do not lend themselves to establishing individual reporting levels by program.

It should also be mentioned that the Board is precluded from setting a uniform reporting level for all scheduled carriers by the provisions of the Regulatory Flexibility Act,[8] which require Federal agencies to consider tiering or other approaches to fit regulatory and informational requirements to the size of the business.

[7] Pub. L. 98-443, October 4, 1984.

[8] Pub. L. 96-354, September 19, 1980.

Moreover, the Office of Management and Budget's (OMB) general information collection guidelines [9] generally preclude OMB approval of an information collection unless the collecting agency has taken all practicable steps to develop separate and simplified requirements for small businesses. In view of these facts, the Board has decided to continue its policy of tiering, whenever possible, its information collections to the size of the reporting carrier.

Proposed Level of Post-Sunset Reporting

EDR-472 proposed the elimination of 14 of the current 42 CAB Form 41 schedules. This represents a 33 percent reduction in the number of schedules in the CAB Form 41 Report. ATA and Delta have commented that they estimate that the proposed changes would not significantly reduce carrier reporting burden. ATA questions the significance of the reporting reductions by stating four of the schedules are not relevant under deregulation because they support regulatory programs no longer in existence, such as domestic ratemaking and section 406 subsidy. Delta, on the other hand, refers to the reductions as "modest." Putting the proposed rule into perspective, it should be remembered that EDR-472 is the third in a series of rules whose objective was to reduce carrier reporting to the level needed to support the post-sunset administration of Federal programs that require aviation data.

The Board feels that the one-third reduction in the number of Form 41 schedules is significant, particularly when viewed in terms of pre- versus post-deregulation reporting levels. In 1978, Form 41 comprised a total of 61 schedules; the 28 schedules that will remain after sunset represent a 54 percent reduction in the total number of Form 41 schedules, which the Board views as a very material reduction. ATA's comment does recognize one of the Board's major objectives prior to sunset, namely the elimination of any data collections that are no longer needed in a deregulated environment.

Northwest in its comments has questioned the Board's advocacy of retaining specific Form 41 schedules. The carrier states that since the Board will sunset on December 31, 1984, it is Northwest's view that, at a minimum, only the schedules which were requested by agencies existing after December 31, 1984, should be considered for retention. Northwest's comment does not recognize that the Board's remaining

[9] Section 1320.6 of 5 CFR Part 1320.

regulatory functions at December 31 will be transferring to other Federal agencies. EDR-472 proposes the continued collection of those data that are now used in administering these transferring programs. Moreover, DOT, which will assume responsibility for virtually all of the Board's programs at sunset, has filed comments supporting the proposed level of reporting. For these reasons, the Board believes that its position on continued reporting is reasonable and necessary.

In EDR-472, the Board recognized that the Securities and Exchange Commission (SEC) requires carriers registered with SEC to report periodic balance sheet and income statement data; however, the Board noted that it is unable to use the carrier financial statements filed with SEC because such statements are required to be presented on a consolidated basis while Federal data requirements relate solely to the air transportation operations of the corporate entity.

Northwest has pointed out in its comments that SEC data does identify business segments and that SEC filings should provide the financial data needed by the Federal sector. While Northwest is correct in stating that SEC does collect some profit and loss data broken down by business segments, the data collected still cannot be used by the Board. First of all, generally accepted accounting principles (GAAP) require publicly held carriers to include in their published annual financial statements to their stockholders only summary business segment data. These data include operating revenues, operating expenses, operating profit or loss, depreciation and amortization, capital expenditures and amount of identifiable assets. This reporting of totals by category does not provide the level of detailed reporting needed to administer Board and other Federal programs. An example of this is that business segment data are not broken down by carrier operating entity. Revenue and expense data by entity is used by the Board in computing the Standard Foreign Fare Level which is analyzed and adjusted on a recurrent basis.

Secondly, carrier financial reports to SEC and its shareholders may be based on a fiscal year basis and not the calendar year basis used for Form 41 reporting. Uniform reporting by calendar years provides for uniformity and consistency in the aviation industry's data bases, which enhances the decision-making process. It would be impossible to draw reasonable comparisons or to monitor the industry results of 80 carriers whose reporting periods are not uniform.

Reporting of Carrier Operating Expense Data

EDR-472 included for public comment revised Schedules P-6 "Operating Expenses by Objective Groupings" and P-7 "Operating Expenses by Functional Groupings." Both schedules were intended to allow carriers to report more highly summarized operating expense functions and objective account groupings. For example, Group II air carriers would report salaries for general management personnel as a single line item rather than allocating the expense to several functional expense categories, such as, maintenance burden, passenger service, aircraft and traffic servicing, and general and administrative. The revised P-6 and P-7 schedules were developed to replace the current Form 41, Schedules P-6, P-7 and P-8, which require carriers to report operating expense data by detailed account classifications that are allocated by function.

Comments on the reporting of operating expense data were filed by ATA, Delta, Northwest and the Department of the Air Force (DOAF).

Delta recommends eliminating the reporting of operating expense data on Schedules P-6 and P-7 and states that accumulating and maintaining operating expense data by functional account categories is very burdensome and such data are no longer needed since domestic pricing has been deregulated. Northwest states that, under deregulation, very little of the operating expense data now reported on Schedules P-6, P-7 and P-8 are needed and then only for comparative purposes, which the carrier views as an inappropriate justification in a deregulated environment.

As noted in EDR-472, DOAF's Military Airlift Command uses the detailed operating expense data now reported on Schedules P-6, P-7 and P-8 to establish rates for awarding airlift service contracts to civil air carriers. The Department of Commerce's Bureau of Economic Analysis also uses data from Schedules P-6, P-7 and P-8 in developing its benchmark input-output tables of the United States, which trace purchases and sales among all industries in the economy. The Board uses operating expense data in evaluating a carrier's operating plan in initial and continuing fitness proceedings, certification proceedings and international route awards. The Board also uses Schedules P-6, P-7 and P-8 data in performing breakeven analyses of individual carrier international operations for use in bilateral negotiations. Further, these data are used by the Board in establishing and monitoring subsidy rates in the essential air service program. To support the administration of these regulatory functions, the Board has decided that continued reporting of carrier operating expense data after sunset is necessary.

Turning to Delta's comment on burden, the Board does recognize the degree of reporting burden involved in allocating operating expenses. Because of this, the Board's staff developed the less detailed revised P-6 and P-7 schedules that were included in EDR-472. ATA, Delta and DOAF commented on the revised schedules.

ATA, speaking on behalf of sixteen carriers,[10] commented that it opposes the revised schedules because they would place an undue burden on the carriers because the revised forms are used for reporting essentially the same data now reported, but in a different manner. ATA further commented that if the Board desires different forms of data presentation for its convience, it should accept the burden of rearranging the data. Delta supported ATA's comments and stated that substituting the revised P-6 and P-7 schedules would be more burdensome and time consuming than filing the current Schedules P-6, P-7 and P-8.

Delta further stated that the revised Schedule P-7 is particularly objectionable because the functional account totals are not based on the Board's Uniform System of Accounts, which could place expense allocations at the mercy of individual carrier judgment and questionable assumptions.

As a data user, DOAF has objected to replacing the current reporting formats with the revised schedules because the Military Airlift Command's ratemaking function would be greatly hindered. DOAF stated that the revised schedules do not have the complete breakout of operational accounts by function which is needed to validate allowable charges by the carriers.

In view of the opposition of a significant number of Group III carriers (see footnote 10), which represents those carriers most affected by any changes in operating expense reporting, and DOAF's need for the current level of reporting, the Board has decided to

[10] American, Capitol, Continental, Delta, Flying Tiger, Frontier, Hawaiian, Northwest, Ozark, Pan American, Piedmont, PSA, United, USAir, Western and Wien. This group of carriers represents 15 of 24 or 63 percent of the largest carriers (Group III) reporting to the Board.

retain the current level of reporting. Accordingly, carriers will continue to report their operating expense data on Form 41 Schedules P-6, P-7 and P-8.

Reporting Results of Operations

Delta and Northwest oppose the continued reporting of interim income statement data on Schedule P-1(a) "Interim Operations Report." Delta states that neither the Board nor any successor agency has a Congressional mandate to monitor either airline pricing or the financial health of the industry. Delta goes on to say that meaningful analysis of Schedule P-1(a) data is not possible because P-1(a) includes only system revenue and expense data. Northwest states that using P-1(a) data to monitor the impact of fare changes on yields and unit costs is of no concern to the Board as far as domestic operations are concerned.

The limited financial data reported on Schedule P-1(a) are used in the Board's essential air service and international programs. The need for these data has been futher cemented by the CAB Sunset Act of 1984, which transfers to DOT at sunset the Board's mandate to monitor the continuing fitness of individual air carriers.

As to Delta's comment regarding the usefulness of the P-1(a) for analytical purposes, the Board reiterates its statement made in EDR-472 that the monthly reporting of the system revenue and expense data provides a better causal relationship between fare changes and their effects on yield and unit costs than quarterly reporting, which obscures monthly cyclical swings. It should be noted that DOT has filed comments in support of the need for continuing the collection of Schedule P-1(a). Based on the above data needs, the Board has decided to continue Schedule P-1(a) as a Form 41 reporting requirement.

Reporting of Employment Statistics

Northwest has questioned the need for continuing to collect data on the number of employees on Schedules P-1(a) and P-10. Under the provisions of section 43 the Airline Deregulation Act of 1978 (Pub. L. 95-504), the Board is required to determine whether a "qualifying dislocation" has occurred within the guidelines of the employee protection program. In order to perform this legislated function, the Board needs data on carrier employment levels. The Airline Deregulation Act also transfers the Board's authority in this matter to the Department of Transportation on January 1, 1985.

Northwest observed in its comments that the employee protection program has been found unconstitutional by a District Court. The Board is aware of this decision in *Alaska Airlines* v. *Donovan*, C.A. No. 84-0485; however, the Justice Department has filed a notice of appeal and section 43 currently remains in effect.

The Department of Labor also uses the employment data collected by the Board in developing productivity measures for the air transportation industry. Furthermore, the Board is responsible for filing, under a United States treaty obligation, certificated air carrier employment data with the International Civil Aviation Organization.

Based on these regulatory needs, and the fact the above court decision has been appealed, the Board has decided to continue the collection of carrier employment data on Schedules P-1(a) and P-10.

Reporting of Fuel Data

Northwest has questioned the need for reporting fuel data by commenting that the Board's use of Schedule P-12 "Fuel Consumption by Type of Service and Entity" in administering the international program is not apparent to the carrier. Fuel data are used in establishing and adjusting international passenger fare, cargo, and mail rates. Fuel expense represents a significant component in adjusting the Standard Foreign Fare Level. Fuel data are also used in evaluating the reasonableness of carrier operating plans in fitness reviews, route awards and carrier selection cases. Domestically, fuel data are used in setting Canadian transborder and intra-Alaska passenger fares and rates, evaluating carrier operating plans during fitness investigations, monitoring trends in the cost of fuel and reviewing fare levels and operating costs at essential air service points. In view of the above fuel data requirements and DOT's comments supporting the continued collection of carrier fuel data after sunset, Schedule P-12 has been retained in the final rule.

Aircraft Inventory Data

EDR-472 proposed to continue collecting certain basic data about the composition of carrier aircraft fleets on Schedules B-7 "Airframes and Aircraft Engines Acquired," B-8 "Flight Equipment Retired" and B-43 "Inventory of Airframes and Aircraft Engines."

Northwest questions the need for the Board to continue collecting data pertaining to airframe and aircraft engine acquisitions, retirements and inventories. The carrier believes the proper source for collecting such data should be the airframe and engine manufacturers. Beyond this source, Northwest states that the Federal Aviation Administration's (FAA) registry office could provide the Board with the aircraft inventory data it needs.

During the development of EDR-472, we identified and analyzed the potential alternative data sources for Form 41 data and analyzed their capability for fulfilling the Board's data needs. Aircraft manufacturers and FAA registry data were included in the Board staff's analysis of available data sources. Both sources were rejected as being deficient in meeting the Board's needs.

Manufacturers would be able to provide cost data on airframes and aircraft engines only as delivered; however, the Board needs actual cost data to the carriers which include post-delivery modification and/or re-engining. The Board also needs the date when an aircraft is placed in service. The originating source for this data element is the carriers.

Turning now to FAA data on aircraft registrations, the FAA's aircraft registry provides information on aircraft ownership, but not necessarily who is operating the aircraft. FAA data does not identify the operators of aircraft under an operating, capital or sub-lease arrangement. It should be noted that over the years the FAA has looked to the Board for data regarding carrier aircraft fleet composition.

Neither the manufacturers nor the FAA can provide a breakdown of each carrier's aircraft inventory by operating and nonoperating aircraft, such data can only be obtained from the carriers themselves. Being able to identify operating and nonoperating aircraft is important in evaluating carrier fitness by facilitating the analysis of a carrier's operating plans and aircraft fleet utilization. Lacking an acceptable alternative data source, the Board has decided to continue Schedules B-7, B-8 and B-43 as part of the Form 41 data base.

In addition to Northwest's comments, DOAF recommended in its comments that proposed Schedule B-43 "Aircraft Inventory Data" be revised to include a space for reporting the number of aircraft engines, which the Military Airlift Command uses in its ratemaking function to calculate depreciation of and investment in flight equipment. DOAF is concerned that only mentioning the reporting of engine inventory data in the reporting instructions and not including any reference to aircraft engines on the face of the schedule could result in some confusion as to whether engine inventory data should be reported.

In evaluating DOAF's recommendation, the Board's staff reviewed recent Form 41 filings to ascertain if the reporting instruction reference was sufficient to ensure the submission of engine data. The staff discovered a general trend toward excluding engine data as part of the carrier total aircraft inventory. Because of this, the Board concurs with DOAF's argument that including a column for reporting the number of aircraft engines would help eliminate any confusion over whether engine data should be reported. Accordingly, such a column has been added to Schedule B–43. To further clarify the nature of the data to be reported on the revised Schedule B–43, the Board has also decided to change the title of the schedule to read: "Inventory of Airframes and Aircarft Engines."

During its review of airframe and aircraft engine reporting, the staff also discovered that there is apparently some confusion on the part of reporting carriers as to how individual aircraft types, models and cabin designs should be reported. To avoid further confusion, the reporting instructions for Schedule B–43 have been clarified in the final rule.

In related comments, the State Tax Commissioner of the State of North Dakota opposes the elimination of Schedule B–7(b) "Flight Equipment Acquired" and T–2(b) "Traffic, Capacity, Aircraft Operations, and Miscellaneous Statistics by Type of Aircraft." The Arizona Department of Revenue and Simat, Helliesen & Eichner oppose the elimination of Schedule B–7 "Airframes and Aircraft Engines Acquired" as well as Schedule T–2(b). The preceeding commenters echo the position of Greyhound Leasing and Financial Corporation and TAI INC, which filed general comments opposing the elimination of data needed to determine the value of used aircraft.

Analysis of the comments outlined in the above paragraph reveals an apparent misunderstanding as to the changes that the Board proposed relative to Schedules B–7, B–7(b) and T–2(b). The effect of EDR–472 on these schedules is discussed below.

As to the opposition to the elimination of Schedule B–7, it should be noted that the Board did not propose to eliminate the schedule in its entirely. The Board did, however, recommend eliminating several of the data columns contained in the present Schedule B–7. None of the data being eliminated would preclude an analysis of the cost of aircraft acquisitions.

While EDR–472 proposed to retain Schedule B–7, it would, however, eliminate Schedule B–7(b), which is no longer filed since it was required only from those air carriers receiving section 406 subsidy. Congress eliminated the appropriation for this program effective October 1, 1982. The retention of Schedule B–7, however, would continue the collection of essentially the same data that were reported on Schedule B–7(b).

Similarly, the proposed elimination of Schedule T–2(b) is based on the retention of a material portion of the data now reported on the schedule. EDR–472 proposed to combine into a single consolidated Schedule T–2 the data elements targeted for retention on Schedules T–2(a) and T–2(b). Since the proposed changes to Schedules B–7, B–7(b) and T–2(b) would not affect the ability of the firms that commented on these changes to analyze changes in aircraft values, the revisions to these schedules have been finalized as proposed.

Reporting of Changes in Financial Position

Northwest questions the need for continuing Schedule B–12 "Statement of Changes in Financial Position" as a reporting requirement. The carrier states that the Board is the only Federal agency expressing an interest in Schedule B–12 and that, if neither DOT nor any other government agency has a need for it, then the schedule should be eliminated at sunset.

EDR–472 proposed to retain Schedule B–12 for monitoring carrier fitness and reviewing carrier applications to provide international service. In its comment, DOT, which will be administering these programs after sunset, supported the continuation of Schedule B–12. CAB Sunset Act of 1984 provides for DOT to monitor carrier fitness for both domestic and international operations. Because of these obvious regulatory needs and the fact the cash flow data provided by Schedule B–12 is not available elsewhere, the Board has decided to retain this schedule.

Reporting of Traffic Data

Northwest has commented that the traffic and capacity statistics reported on Schedules T–1(a), T–1(b), T–1(c) and T–2 are interesting, but provide very little data that are absolutely required.

As indicated in EDR–472, the statistical data reported on these schedules are needed to administer a variety of Federal programs. The Department of Commerce (DOC) uses various T–1(a) data elements in measuring the air transportation industry output for inclusion in the gross national product. DOC also uses T–1(c) data in estimating Federal Government purchases of air transport service. Traffic and capacity are an important ingredient in DOT's analysis of related revenue, cost and performance data. DOT also requires such data for developing industry-wide traffic forecasts.

The Board uses traffic and capacity data in its international, essential air service and fitness programs. Specifically, data are used to compute load factors, traffic changes, yield costs per revenue passenger-mile and available ton-mile and fuel consumption per block hour.

In view of these regulatory needs and DOT's comments in support of continuing Schedules T–1(a), T–1(b), T–1(c) and T–2, the Board has decided to retain these schedules as proposed. At the same time, the Board rejects Delta's suggestion that the Board not combine the remaining data elements from the present Schedules T–2(a) and T–2(b) into a single Schedule T–2. Delta asserts that this change would require expensive programming changes since its "T" schedules are produced by computer. The carrier recommends either eliminating entire schedules or maintaining the current level of reporting. The Board's rejection is based on its objective of not collecting more data than are required and the fact Delta filed the only dissenting comment to the proposed change.

Northwest has questioned the value of collecting airport activity statistics on Schedules T–3(a), T–3(b) and T–3(c). The carrier also suggests using as substitute data sources the Official Airline Guide (OAG), the FAA Air Traffic Activity publication and airport managements as sources for scheduled departures, aircraft handled at FAA control centers and traffic statistics.

As to the value of the information collected, the data are used by the Board to audit subsidy claims, establish international mail rates and analyze carrier operating plans. DOT uses Schedule T–3 data to develop industry-wide traffic forecasts, develop and analyze policy initiatives and allocate airport and airways development (ADAP) funds. DOT comments support the continued collection of airport activity data.

Turning to the usefulness of the alternative data sources cited by Northwest, the Board's staff has reviewed each of the above sources and concluded that none of them could be used as a substitute for the Schedule T–3 data. The OAG tapes do not contain the latest carrier schedule changes. The departure data in the FAA Air Traffic

Activity publication are broken down between commercial and military flights and does not: (1) provide data by carrier, (2) segregate revenue service from nonrevenue service, (3) collect data broken down by scheduled and nonscheduled, and (4) collect data by aircraft type. The number of airport authorities that collect data on their own behalf is not significant enough to provide a system-wide data base. The FAA relies on Schedule T-3 data in allocating ADAP funds—it does not use airport authority data for the allocation of these funds. Finally, none of the three sources mentioned by Northwest segregates data by entity of operation. Based on the above discussion, the Board has decided to retain Schedule T-3(a), T-3(b) and T-3(c), as proposed.

Reporting of All-Cargo Operations

Northwest questioned the need for continuing to collect data on all-cargo operations on Schedule T-8. The carrier stated that the all-cargo industry has been deregulated and that DOT does not need to analyze it.

By Economic Regulation ER-1349 dated July 1, 1983, the Board reduced the level of all-cargo reporting for all air carriers holding section 401 certificates that conduct all-cargo operations under certificates issued under section 418 of the Act. During the rulemakng proceeding, the Board recognized DOT's expressed need for continuing minimal all-cargo reporting in order to allow it to fulfill its responsibilities. These responsibilities included controlling the national airspace, operating a system of air traffic control and promoting the development of an effective national airport system. Uses for all-cargo data include performing cost/benefit analyses of existing and proposing rules, forecasting growth of air traffic, and estimating revenues in the Airport and Airway Trust Fund.

Since DOT is the primary user of all-cargo data and has reiterated in this proceeding its continuing support for all-cargo reporting, the Board gives material weight to DOT's views in this matter. Accordingly, Schedule T-8 will be continued as proposed.

Reporting of Market Data

Northwest objects to the requirement that it report its market data to the Board on Schedule T-9 "Nonstop Market Report." The carrier feels that Schedule T-9 is an invasion into a carrier's proprietary information and should be stopped.

Beyond the legitimate regulatory needs for Schedule T-9 data that were outlined in EDR-472, it must be noted that the CAB Sunset Act of 1984 [11] requires DOT to collect and disseminate information on civil aeronautics including ". . . information on the number of passengers traveling by air between any two points in interstate and overseas air transportation . . ." Therefore, DOT is compelled by law to continue Schedule T-9 as a reporting requirement. In view of DOT's Congressional mandate and the above referenced compelling regulatory needs, Schedule T-9 has been retained in the final rule as proposed. The Board does note, however, Northwest's view that Schedule T-9 comprises proprietary carrier information and discusses this issue below.

Confidential Treatment of Form 41 Data

ATA, Continental, Delta and Northwest have raised the issue of confidential treatment for Form 41 data. Essentially, ATA and the above carriers object to the Board's public release of data the carriers and ATA consider to be proprietary. The data in question include profit and loss data, operating costs by aircraft type and traffic data by market.

Besides general comments by ATA, Continental and Northwest objecting to the public disclosure of Form 41 data, Delta states that competitors are not equals and some carriers stand to gain more than they will lose in reciprocal information exchanges. Delta goes on further to recommend that Form 41 data not be disclosed except (1) to Federal, state and local governmental bodies for their internal use only, when such disclosure is consistent with the governmental body's regulatory functions and (2) to parties to any proceeding before the Board or any successor agency to the extent such data are relevant and material to the issues in the proceeding upon a determination by the administrative law judge assigned to the case.

The Board believes that Delta's position, as well as the positions of ATA, Continental and Northwest, may have merit; however, this rulemaking is not the proper forum for addressing such concerns. Since the issue of confidential treatment was not addressed in EDR-472, the Board feels that the question of confidential treatment should be the subject of a separate rulemaking notice which would allow for public discussion and comment on the issues involved. The Board feels this would result in a better balancing of legitimate data interests represented by government, the public and the carriers. A rulemaking notice will also provide an excellent vehicle for considering the ancillary issues surrounding the question of whether or not confidential treatment should be granted. These issues include how comprehensive the confidential treatment blanket and how long the period of confidential treatment should be.

Reporting of Stock Ownership

Northwest has stated that it sees little need for the continued reporting of persons holding more than five percent of a carrier's capital stock or capital to the Board on Schedule G-41. The carrier contends that such data are available from SEC.

The Board realizes that SEC requires each registrant to disclose certain data regarding any person known to the registrant to be the beneficial owner of more than five percent of any class of the registrant's voting securities. [12] However, section 407(b) of the Federal Aviation Act of 1958, as amended, requires each air carrier to submit to the Board a listing of each of its stockholders or members holding more than five percent of the entire capital stock or capital of such air carrier. The Board's stock ownership reporting is different from SEC's because (1) SEC reporting is based on the entire corporate entity on a consolidated basis, while the Board's requirement is limited to the air carrier portion of the corporate entity, and (2) SEC only collects data on publicly held corporations, while the Board is interested in significant contributors of capital in privately held air carriers.

While the CAB Sunset Act of 1984 terminates effective January 1, 1985, section 407(b) of the Federal Aviation Act of 1958, Schedule G-41 is still needed to collect ownership data for calendar year 1984. During 1985, the Board anticipates that DOT will review its need for this schedule and amend the air carrier reporting requirements, as appropriate.

Revision of Form 41 Schedules

Due to the impending transfer of the Board's Form 41 data collection function to DOT's Research and Special Programs Administration, the specific Form 41 schedules affected by this rule have been submitted to DOT's graphic arts staff for modification. The revised schedules will not be available until January 1985; however copies showing the changes to each Form 41 schedule that are promulgated by this final rule

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[11] Section 5(a)(1)(B), Pub. L. 98-443.

[12] Section 403(a) of 17 CFR Part 229.

are available at the address given under **FOR FURTHER INFORMATION CONTACT.**

Regulatory Flexibility Act

For the reasons stated in EDR–472, the Board certifies that this rule will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 14 CFR Part 241

Air carriers, Uniform System of Accounts and Reports.

Final Rule

Accordingly, the Civil Aeronautics Board amends 14 CFR Part 241, *Uniform System of Accounts and Reports for Large Certificated Air Carriers* as follows:

1. Section 04 is amended by revising paragraph (a) to read:

Section 04—Air Carrier Groupings

(a) All large certificated air carriers are placed into three basic air carrier groupings based upon their level of operations and the nature of these operations. In order to determine the level of operations, total operating revenues for a twelve month period are used. The following operating revenue ranges are used to establish air carrier groupings:

Carrier group	Total annual operating revenues
I	0-$75,000,000
II	$75,000,001.-$200,000,000
III	$200,000,001 +

For reporting purposes, Group I air carriers are further divided into two subgroups: (1) Air carriers with total annual operating revenues between $10,000,000 and $75,000,000 and (2) air carriers with total annual operating revenues below $10,000,000.

* * * * *

2. Section 1–7 is revised to read:

Sec. 1–7 Interpretation of Accounts.

To the end that uniform accounting may be maintained, questions involving matters of accounting significance which are not clearly provided for should be submitted to the Director, Bureau of Carrier Accounts and Audits, for explanation, interpretation, or resolution.

Sec. 1–9 [Amended]

3. Section 1–9 is amended by removing paragraph (e).

4. Section 2–1 is amended by revising paragraph (c) to read as follows and removing paragraph (e).

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 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 those investments. Where the entity of predominate use is a nontransport venture, the air carrier shall reflect the investment in account 1510.3, Advances to Associated Companies.

* * * * *

5. Section 2–7 is amended by revising paragraph (g) to read:

Sec. 2–7 Extraordinary Items, Discontinued Operations, Prior Period Adjustments, and Accounting Changes.

* * * * *

(g) The cumulative effect of changes in accounting principles shall be reflected in the account provided for in the determination of net income and clearly and completely described in notes to the income statement (see section 18). The amount of the cumulative effect of a change in accounting principles shall represent the difference between (a) the amount of retained earnings at the beginning of the period of the change and (b) the amount of retained earnings that would have been reported at that date if the new accounting principle had been applied retroactively for all prior periods which would have been affected by recognizing only the direct effects of a change and the related income tax effect. Financial statements of prior periods shall not be restated without the prior approval of the Director, Bureau of Carrier Accounts and Audits. Changes in accounting estimates shall be accounted for in (a) the period of change if the change affects that period only or (b) the period of change and future periods if the change affects both. Materiality should be measured both in relation to the effects of each change separately and the combined effect of all changes.

6. Section 2–12 is amended by revising paragraph (a)(6) to read:

Sec. 2–12 Acquisition and Valuation of Assets.

(a) * * *

(6) Changes in the valuation allowance for a marketable equity securities portfolio included in current assets shall be included in the determination of net income of the period in which they occur by charging account 8188.3. Accumulated changes in the valuation allowance for a marketable equity securities portfolio included in noncurrent assets shall be included in the equity section of the balance sheet in account 2900, Retained Earnings.

* * * * *

7. Section 2–13 is amended by revising paragraph (d) to read:

Sec. 2–13 Establishment of Allowances.

* * * * *

(d) Additional allowances over those prescribed in this system of accounts may be established for the purpose of allocating expense charges between calendar quarters of each accounting year in accordance with operations performed, in the event such expenditures are part of a specific program to which the air carrier is demonstrably committed and are of sufficient magnitude to significantly distort the financial results of the current quarter if expensed directly.

Sec. 2–14 [Amended]

8. Section 2–14 is amended by removing and reserving paragraph (b).

9. Section 2–17 is amended by revising paragraph (b) to read as follows and removing paragraphs (e) and (f).

Sec. 2–17 Revenue and Accounting Practices.

* * * * *

(b) Each route air carrier shall physically verify the reliability of its passenger revenue accounting practice at least once each accounting year.

* * * * *

10. Section 2–18 is amended by revising paragraphs (a), (b), and (c) to read:

Sec. 2–18 Transactions Between Members of an Affiliated Group.

(a) Unless otherwise approved by the Board's Director, Bureau of Carrier Accounts and Audits, transactions between the regulated activity of an air carrier and activities conducted by nontransport divisions or other corporate members of an affiliated group shall be recorded by the air carrier as provided in paragraphs (b) through (e) of this section 2–18.

(b) Charges for services and assets purchased by or transferred to a regulated activity of an air carrier from other activities of an affiliated group shall be recorded initially in the accounts of the regulated air carrier activity at their invoice price, if determined from a prevailing price list held out to the general public in the normal course of business. Where the services and assets received by the regulated activity of the air carrier are not marketed by the affiliated supplier to the general public under a prevailing price list, the charges recorded by the air carrier activity for such services and assets shall be the lower of their cost to the originating activity of the affiliated group (less all applicable valuation allowances) or their estimated fair market value. In the case of charges against income for services received, as distinguished from charges for property and equipment or other assets acquired, any difference in the amount recorded and the consideration given by the air carrier shall be entered in subaccount 88.1 Intercompany Transaction Adjustment—Credit or in subaccount 89.1 Intercompany Transaction Adjustment—Debit. In the case of property and other assets acquired, any difference between the amount recorded and the consideration given by the air carrier shall be entered in appropriate subaccounts of account 1890 Other Assets and Deferred Charges, paralleling subaccount 88.1 Intercompany Transaction Adjustment—Credit and subaccount 89.1 Intercompany Transaction Adjustment—Debit, and shall be cleared to such income accounts through periodic amortization at rates coinciding with those applied to other associated assets.

(c) The cost, less all associated valuation allowance accumulations, of services and assets sold by or transferred from the regulated activity of an air carrier to other activities of an affiliated group shall be charged by the air carrier to either applicable transport-related revenues or capital gain income accounts, as appropriate. Where such services and assets are reflected in price lists held out to general public, the associated revenues shall be recorded at the rates, fares or charges contained therein in the appropriate transport-related services, capital gains or air transport income accounts. Where no prevailing price list is applicable, the associated revenue shall be recorded at the higher of cost or estimated fair market value of the asset or service involved. Any difference between the revenue so recorded and the agreed consideration to the air carrier shall be recorded in subaccount 88.1 Intercompany Transaction Adjustment—Credit or subaccount 89.1 Intercompany Transaction Adjustment—Debit.

* * * * *

11. Section 2-20 is amended by revising paragraphs (a)(2), (a)(3), (b)(2)(ii) and (b)(3)(ii) to read:

Sec. 2-20 Accounting for leases.

(a) * * *

(2) The lessee shall record a capital lease as an asset (Account 1695.1, Capital Leases—Flight Equipment, or Account 1695.2, Capital Leases—Other Property and Equipment) and an obligation (Account 2080, Current Obligations under Capital Leases, or Account 2280, Noncurrent Obligations under Capital Leases), at an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, together with any profit thereon. However, if the amount so determined exceeds the fair value of the leased property at the inception of the lease, the amount recorded as the asset and obligation shall be the fair value.

(3) Except for land, lessees shall amortize, by charging either Account 7076.1, Amortization—Capitalized Flight Equipment, or Account 7076.2, Amortization—Capitalized Other Property and Equipment, and crediting either Account 1696.1, Accumulated Amortization—Capitalized Flight Equipment, or Account 1696.2, Accumulated Amortization—Capitalized Other Property and Equipment, the asset recorded under a capital lease as follows: (i) If the lease either transfers ownership of the property to the lessee by the end of the lease term or contains a bargain purchase option, the asset shall be amortized in a manner consistent with the lessee's normal depreciation policies for owned assets or (ii) if the lease does not meet either of the preceding criteria, the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy except that the period of amortization shall be the lease term.

* * * * *

(b) * * *

(2) * * *

(ii) The difference between the gross investment in the lease and the sum of the present values of the two components of the gross investment shall be recorded as unearned income. The net investment in the lease shall consist of the gross investment less the unearned income. The unearned income shall be amortized to income over the lease term so as to produce a constant periodic rate of return on the net investment in the lease. Contingent rentals, including rentals based on variables such as the prime interest rate, shall be credited to income when they become receivable.

* * * * *

(3) * * *

(ii) The difference between the gross investment in the lease and the cost or carrying amount, if different, of the leased property shall be recorded as unearned income. The net investment in the lease shall consist of the gross investment less the unearned income. Initial direct costs shall be charged against income as incurred, and a portion of the unearned income equal to the initial direct costs shall be recognized as income in the same period. The remaining unearned income shall be amortized to income over the lease term so as to produce a constant periodic rate of return on the net investment in the lease. Contingent rentals, including rentals based on variables such as the prime interest rate, shall be credited to income when they become receivable.

* * * * *

12. Section 3 is revised to read:

Section 3—Chart of Balance Sheet Accounts

Balance Sheet Classifications

Name of account	General classification
Current assets:	
Cash	1010
Short-term investments	1100
Notes receivable	1200
Accounts receivable	1270
Allowance for uncollectible accounts	1290
Spare parts and supplies	1300
Allowance for obsolescence-Spare parts and supplies	1311
Prepaid items	1410
Other current assets	1420
Investments and special funds:	
Investments in associated companies	1510
Investments in investor controlled companies	1510.1
Investments in other associated companies	1510.2
Advances to associated companies	1510.3
Other investments and receivables	1530
Special funds	1550
Property and equipment	1600-1700

	Operating	Nonoperating
Airframes	1601	1701
Airframes	1601.1	1701.1
Unamortized airframe overhauls	1601.2	1701.2
Aircraft engines	1602	1702
Aircraft engines	1602.1	1702.1
Unamortized aircraft engine overhauls	1602.2	1702.2
Improvements to leased flight equipment	1607	1707
Flight equipment rotable parts and assemblies	1608	1708
Airframe parts and assemblies	[1] 1608.1	[1] 1708.1
Aircraft engine parts and assemblies	[1] 1608.5	[1] 1708.5
Other parts and assemblies	[1] 1608.9	[1] 1708.9
Flight equipment	1609	1709
Allowance for depreciation:		
Airframes	1611	1711
Aircraft engines	1612	1712
Improvements to leased flight equipment	1617	1717
Flight equipment rotable parts and assemblies	1618	1718
Flight equipment airworthiness allowance	[2] 1629	[2] 1729
Equipment	1630	1730
Furniture, fixtures and office equipment	1636	1736

	Operating	Nonoperating
Improvements to leased buildings and equipment	1639	1739
	General classification	
Buildings	1640	1740
Maintenance buildings and improvements	1640.*1*	1740.*1*
Other buildings and improvements	1640.*9*	1740.*9*
Ground property and equipment	1649	1749
Allowance for depreciation:		
Equipment	1650	1750
Improvements to leased buildings and equipment	1654	1754
Furniture, fixtures, and office equipment	1656	1756
Buildings	1660	1760
Maintenance buildings and improvements	1660.*1*	1760.*1*
Other buildings and improvements	1660.*9*	1760.*9*
Allowance for depreciation of flight equipment and ground property and equipment, and amortization of overhaul and airworthiness costs	1668	1768
Land	1679	1779
Equipment purchase deposits and advance payments	1685	1785
Construction work in progress	1689	1789
Leased property under capital leases	1695	1795
Capital leases-flight equipment	1695.*1*	1795.*1*
Capital leases-other property and equipment	1695.*2*	1795.*2*
Leased property under capital leases, accumulated amortization	1696	1796
Accumulated amortization-capitalized flight equipment	1696.*1*	1796.*1*
Accumulated amortization-capitalized other property and equipment	1696.*2*	1796.*2*
Property on operating-type lease to others and property held for lease		1797
Property on operating-type lease to others and property held for lease, accumulated depreciation		1798
Other assets:		
Long-term prepayments		1820
Unamortized developmental and preoperating costs		1830
Other assets and deferred charges		1890
Current liabilities:		
Current maturities of long-term debt		2000
Notes payable:		
Banks		2005
Other		2015
Trade accounts payable		2021
Accounts payable-other		2025
Current obligations under capital leases		2080
Accrued salaries, wages		2110
Accrued vacation liability		2120
Accrued interest		2125
Accrued taxes		2130
Dividends declared		2140
Air traffic liability		2160
Other current liabilities		2190
Noncurrent liabilities:		
Long-term debt		2210
Advances from associated companies		2240
Pension liability		2250
Noncurrent obligations under capital leases		2280
Other noncurrent liabilities		2290
Deferred credits:		
Deferred income taxes		2340
Deferred investment tax credits		2345
Other deferred credits		2390
Stockholders' equity:		
Preferred stock		2820
Common stock		2840
Additional capital invested		2890
Premium on capital stock		2890.*1*
Discount on capital stock		2890.*2*
Other capital stock transactions		2890.*3*
Retained earnings		2900
Treasury stock		2990

[1] Prescribed for group II and group III air carriers only.

[2] At the option of the air carrier, these accounts may be assigned Nos. 2629 and 2729, respectively, for accounting purposes.

Note.—Digits to right of decimals and italicized codes established for CAB control purposes only.

13. Section 5–3 is amended by revising paragraphs (e)(4) and (e)(10) to read:

Sec. 5–3 Property and equipment.

* * * * *

(e) * * *

(4) If property and equipment is acquired as part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, the costs and related allowances for depreciation as carried on the books of the predecessor company at the date of transfer shall be entered by the acquiring air carrier in the appropriate accounts prescribed for recording investments in tangible assets. Any difference between the purchase price of the property and equipment acquired and its depreciated cost at date of acquisition shall be recorded in balance sheet account 1890 Other Assets and Deferred Charges. Property acquired from an associated company shall also be accounted for in accordance with this paragraph unless otherwise approved by the Board.

* * * * *

(10) When operating property or equipment is retired from air transportation or transport-related operations and retained by the air transportation or transport-related operations and retained by the air carrier, its cost, together with applicable allowances for depreciation, shall be transferred to balance sheet classification 1700 Nonoperating Property and Equipment. If property is transferred for exclusive use of nontransport divisions, the cost less related allowances for depreciation shall be recorded in balance sheet account 1510.3 Advances to Associated Companies.

* * * * *

14. Section 5–4 is amended by revising paragraphs (g)(2) and (g)(3) to read as follows:

Sec. 5–4 Property and equipment depreciation and overhaul.

* * * * *

(g) * * *

(2) When overhauls are performed, the related costs of labor, materials, outside overhauls, and maintenance burden shall be charged to the applicable direct maintenance and maintenance burden objective expense accounts as incurred. With respect to those airframe or aircraft engine types for which overhauls are being deferred and amortized, a project cost ledger shall be maintained to control and identify overhauls costs, and the accumulated overhauls costs shall be debited each month to appropriate subaccounts of the related airframe, aircraft engine, or leasehold improvement accounts with a corresponding credit to account 72.3 Airframe Overhauls Deferred or account 72.8 Aircraft Engine Overhauls Deferred.

(3) Upon completion of each overhaul phase or project, the deferred costs shall be amortized to account 72.3 Airframe Overhauls Deferred or to account 72.8 Aircraft Engine Overhauls Deferred over the authorized interval until the related overhaul procedures are required to be performed again.

* * * * *

15. Section 5–5 is revised to read:

Sec. 5–5 Other assets.

Include in this classification all debit balances in general clearing accounts, including charges held in suspense pending receipt of information necessary for final disposition, prepayments chargeable against operations over a period of years, capitalized expenditures of an organizational or developmental character, unamortized debt expense, property acquisition adjustments, the cost of patents, copyrights and miscellaneous intangibles, and other noncurrent assets which cannot be recorded elsewhere within the chart of accounts. Deferred charges having a definite time incidence shall be amortized over the periods to which they apply.

16. Section 5–9 is amended by revising paragraphs (b) and (g) to read:

Sec. 5–9 Stockholder equity.

* * * * *

(b) The general classification "Stockholders' Equity," shall be subdivided between:

(1) "Total Paid-In Capital" which represents direct contributions of the stockholders;

(2) "Retained Earnings," which represents the amount of income retained from the operation of the air carrier; and

(3) "Treasury Stock," which represents the cost to the air carrier of capital stock issued by the air carrier

that has been reacquired and is held for disposition.

* * * * *

(g) The "Retained Earnings" balance sheet classification shall reflect the balance of net profits, income, and gains of the air carrier from the date of incorporation after deducting losses, distributions to stockholders, and the net unrealized loss on marketable equity securities included in noncurrent assets. In cases where a deficit has been absorbed by a reduction of "Additional Capital Invested" as a result of a restatement of capital stock or retained earnings, a new retained earnings account shall be established, dated to show that it runs from the effective date of the restatement and this dating shall be disclosed in financial statements until such time as the effective date no longer possesses special significance.

Section 6—[Amended]

17. Section 6, *Objective Classification of Balance Sheet Elements*, is amended by:

A. Revising paragraph (b) of Account 1200 to read:

1200 Notes Receivable.

* * * * *

(b) Balances of notes payable to associated companies shall not be offset against amounts carried in this account. Balances with associated companies which are not normally settled currently shall not be included in this account but in balance sheet account 1510.3 Advances to Associated Companies.

B. Revising paragraph (d) of Account 1270 to read:

1270 Accounts Receivable.

* * * * *

(d) Balances payable to associated companies shall not be offset against amounts carried in this account. Balances with associated companies which are not normally settled currently shall not be included in this account but in balance sheet account 1510.3 Advances to Associated Companies.

1280 [Removed]

C. Removing the title and account description for Account 1280, *Net Investment in Direct Financing and Sales-Type Leases—Current.*

D. Revising the title and paragraph (b) of Account 1300 *Spare and Supplies* to read:

1300 Spare parts and supplies.

* * * * *

(b) Costs paid by the air carrier such as transportation charges and customs duties; excise, sales, use and other taxes; special insurance; and other charges applicable to the cost of spare parts and supplies shall be charged to this account when they can be definitely allocated to specific items or units of property. If such costs cannot be so allocated, or if of minor significance in relation to the cost of such property, such amounts may be charged to balance sheet account 1890 Other Assets and Deferred Charges and cleared either by a suitable "loading charge" as the parts are used or by current charges to appropriate expense or property accounts; so long as the method of application does not cause material distortion in operating expenses from one accounting period to another.

* * * * *

1311 [Amended]

E. Removing paragraph (d) of Account 1311, *Allowance for Obsolescence—Spare Parts and Supplies.*

F. Redesignating the account number of Account 1520 as 1510.3 to read: 1510.3 *Advances to Associated Companies.*

* * * * *

G. Revising the account description of Account 1530 to read:

1530 Other Investments and Receivables.

(a) Record here notes and accounts receivable not due within one year, investments in securities issued by others, investments in leveraged leases, the noncurrent net investment in direct financing and sales-type leases, and the allowance for unrealized gain or loss on noncurrent marketable equity securities. Securities held as temporary cash investments shall not be included in this account but in balance sheet account 1100 Short-Term Investments. Investments in and receivables from associated companies which are not settled currently shall be included in balance sheet account 1510 Investments in Associated Companies.

(b) For investments in leveraged leases, four subaccounts shall be maintained for: (1) Rentals receivable, net of that portion of the rental applicable to principal and interest on the non-recourse debt; (2) a receivable for the amount of the investment tax credit to be realized on the transaction; (3) the estimated residual value of the leased asset; and (4) unearned and deferred income consisting of the estimated pretax lease income (or loss), after deducting initial direct costs, remaining to be allocated to income over the lease term and the investment tax credit remaining to be allocated to income over the lease term.

(c) For the net investment in direct financing and sales-type leases which is not reasonably expected to be amortized within one year, three subaccounts shall be maintained for: (1) The minimum lease payments receivable (debit); (2) the unguaranteed residual value accruing to the benefit of the lessor (debit); and (3) unearned income (credit).

1570 [Removed]

H. Removing the account number, account title and account description of Account 1570, *Investment in Leveraged Leases.*

1580 [Removed]

I. Removing the account number, account title and account description of Account 1580, *Net Investment in Direct Financing and Sales-Type Leases—Noncurrent.*

J. Revising the account description of Account 1695 to read:

1695 Leased property under capital leases.

(a) Record here the total cost to the air carrier for all property obtained under capital leases as provided in section 2-20(a).

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

1695.1 *Capital Leases—Flight Equipment.*

1696.2 *Capital Leases—Other Property and Equipment.*

K. Revising the account description of account 1696 to read:

1696 *Leased Property Under Capital Leases—Accumulated Amortization.*

(a) Record here accruals for amortization of leased property obtained under capital leases as provided in section 2-20(a).

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

1696.1 *Accumulated Amortization—Capitalized Flight Equipment.*

1696.2 *Accumulated Amortization—Capitalized Other Property and Equipment.*

1840 [Removed]

L. Removing the account number, account title and account description of Account 1840, *Unamortized Debt Expense.*

1870 [Removed]

M. Removing the account number, account title and account description of Account 1870, *Property Acquisition Adjustment.*

1880 [Removed]

N. Removing the account number, account title and account description of Account 1880, *Intangible Assets.*

O. Revising the account title and account description of Account 1890, *Other Assets*, to read:

1890 Other Assets and Deferred Charges.

(a) Record here other assets and deferred charges not provided for elsewhere.

(b) Record here debits, the proper final disposition of which cannot be determined until additional information has been received. This account shall include the accumulated cost of labor, materials and outside services used in the process of manufacturing flight equipment expendable parts and materials and supplies for stock, the accumulated cost of jobs in process for others, projects to be charged to expense upon completion. This account shall also include unamortized debt expense, property acquisition adjustments and intangible assets.

(c) This account shall be charged with property loss and other costs related to casualties and credited with recoveries from purchased insurance and salvage. A debit or credit balance in this account related to property retired as a result of a casualty shall be recorded in profit and loss account 88.5 Capital Gains and Losses—Operating Property or 88.6 Capital Gains and Losses—Other; however, any balances related to property not retired or to other casualties shall be recorded in profit and loss account 58 Injuries, Loss and Damage. Proceeds from purchased insurance for property damage, received prior to repair of such damage, shall not be credited to this account but to balance sheet account 2390 Other Deferred Credits pending repair. The records for each major casualty shall be kept in such manner as to clearly disclose insurance recoveries and the total costs, which shall include charges for the depreciated cost of property damaged or destroyed, costs for clearing wrecks and damaged property and equipment, including salaries and wages for the repair thereof, and payments for damages to property of others. The cost of casualties shall not be charged directly against retained earnings or appropriations thereof, but shall be cleared through the applicable profit and loss accounts in accordance with the foregoing.

(d) Record here the unamortized debt expense related to the assumption by the air carrier of debt of all types and classes. Amounts recorded shall be amortized to profit and loss account 84 Amortization of Debt Discount, Premium and Expense.

(e) Unamortized debt expense shall not include the excess of the par value of debt securities over the cash value of consideration received. Instead, discounts shall be recorded in a subaccount of the related liability.

(f) Record here the cost of patents, copyrights and other intangible properties, rights and privileges acquired as a part of a business from other air carriers and other intangibles not provided for elsewhere. This account shall be subdivided to reflect the nature of each intangible asset included in this account.

(g) Record here the difference between the purchase price to the air carrier of property and equipment acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics Board, and the depreciated cost to the predecessor company at date of acquisition. Record here also such differences relating to purchases of property and equipment from associated companies unless other treatment is approved by the Board. Separate subaccounts shall be established to record the amounts applicable to each such acquisition.

(h) Balances in this account relating to property acquisition adjustments shall be amortized by charges to profit and loss account 89.9 Other Miscellaneous Nonoperating Debits unless otherwise directed or approved by the Civil Aeronautics Board.

2160 [Amended]

P. Removing paragraph (e) of Account 2160, *Air Traffic Liability.*

2260 [Removed]

Q. Removing the account number, account title and account description of Account 2260, *Stock Purchase Plan Liability.*

R. Revising the account description of Account 2290 to read:

2290 Other Noncurrent Liabilities.

Record here noncurrent liabilities not provided for in balance sheet accounts 2210 to 2280, inclusive, such as the liability for installments received on capital stock from company personnel who are not bound by legally enforceable subscription contracts, accruals for personnel dismissal liability, and accruals of other demonstrable miscellaneous noncurrent liabilities.

S. Redesignating the account number of Account 2340.1 as 2340 to read:

2340 Deferred Income Taxes.

* * * * *

2340.2 [Removed]

T. Removing the account number, account title and account description of Account 2340.2, *Deferred Taxes Arising from Leveraged Leases.*

U. Removing the undesignated center heading and description of *Commitments and Contingent Liabilities*, which immediately follows Account 2390, *Other Deferred Credits.*

V. Adding a new paragraph (e) to Account 2900 to read:

2900 Retained earnings.

* * * * *

(e) A separate subaccount to this account shall be maintained to record changes in the valuation of marketable equity securities included in noncurrent assets. Such changes shall be reflected in this subaccount to the extent the balance in this subaccount represents a net unrealized loss as of the current balance sheet date.

18. Section 7 is amended by revising accounts 06, 25, 42, 43, 46, 59, 72, and 76; combining accounts 80, 87 and 89; and combining accounts 82, 83 and 84 to read:

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: * * * * *			
06 Property:			
06.1 Freight	31, 32	31, 32	31, 32
06.2 Excess passenger baggage	31, 32	31, 32	31, 32
* * * * *			
25 Maintenance labor:			
25.1 Labor-airframes and other flight equipment		52	52
25.2 Labor-aircraft engines		52	52
25.6 Labor-flight equipment	52		
25.9 Labor-ground property and equipment	52, 53	52, 53	52, 53
* * * * *			
42 General services purchased associated companies:			
42.1 Airframe and other flight equipment repairs-associated companies.		52	52
42.2 Aircraft engine 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

PROFIT AND LOSS CLASSIFICATION—Continued

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			
42.9 Others service-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 and other flight equipment repairs-outside		52	52
43.2 Aircraft engine repairs-outside	52	52	
43.6 Flight equipment repairs-outside	52		
43.7 Aircraft interchanges-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
* *	*	*	*
46 Maintenance materials:			
46.1 Airframes and other flight equipment		52	52
46.2 Aircraft engines		52	52
46.6 Flight equipment	52		
46.9 Ground property and equipment	52, 53	52, 53	52, 53
* *	*	*	*
59 Schedules and timetable	69	67	65, 66
* *	*	*	*
72 Aircraft overhauls:			
72.1 Airworthiness allowance provisions-airframes	52, 53	52, 53	52, 53
72.3 Airframe overhauls deferred	52, 53	52, 53	52, 53
72.6 Airworthiness allowance provisions-aircraft engines.	52, 53	52, 53	52, 53
72.8 Aircraft engine overhauls deferred	52, 53	52, 53	52, 53
73 Provisions for obsolescence and deterioration-expendable parts:	*	*	*
76 Amortization expense, capital leases:			
76.1 Amortization-capitalized flight equipment	70	70	70
76.2 Amortization-capitalized other property and equipment.	70	70	70
* *	*	*	*
NONOPERATING INCOME AND EXPENSE			
81 Interest on long-term debt and capital leases:			
81.1 Interest expense, long-term debt	81	81	81
81.2 Interest expense, capital leases	81	81	81
82 Other interest:			
82.1 Interest expense, short-term debt	81	81	81
83.1 Imputed interest capitalized-credit	81	81	81
83.2 Imputed interest deferred-debt	81	81	81
83.3 Imputed interest deferred-credit	81	81	81
83.4 Interest capitalized-credit	81	81	81
84.1 Amortization of discount and expense on debt	81	81	81
84.2 Amortization of premium on debt	81	81	81
85 Foreign exchange gains and losse	81	81	81
89 Other nonoperating income and expense-net:			
80.0 Interest income	81	81	81
86.0 Income from nontransport ventures	81	81	81
87.0 Equity in income of investor controlled companies	81	81	81
88.1 Intercompany transaction adjustment-credit	81	81	81
88.2 Dividend income	81	81	81
* *	*	*	*

Section 9—[Amended]

19. Section 9, *Functional Classification—Operating Revenues*, is amended by revising functions 3100 and 3200 to read:

3100 Scheduled Services.

This subclassification shall include revenues from the transportation by air of individual passengers or cargo shipments (as opposed to charter flights) pursuant to published schedules, including extra sections and other flights performed as an integral part of published flight schedules.

3200 Nonscheduled Services.

This subclassification shall include revenues from the transportation by air of traffic applicable to the performance of aircraft charters, and other air transportation services not part of services performed pursuant to published flight schedules (but shall not include data applicable to flights performed as extra sections to published flight schedules, which shall be reported in the subclassification 3100 Scheduled Services).

Section 10—[Amended]

20. Section 10, *Functional Classification—Operating Expenses of Group I Air Carriers*, is amended by:

A. Revising paragraph c. of subfunction 5300 under function 5400 to read:

5300 *Maintenance Burden.*

* * * * *

c. This subfunction shall include only those expenses attributable to the current air transport operations of the air carrier. Maintenance burden associated with capital projects of the air carrier, other than overhauls of airframes and aircraft engines, shall be allocated to such projects in accordance with the provisions of section 2-9(b). Maintenance burden incurred in common with services to other companies and operating entities shall be allocated to such services on a pro rata basis unless the services are so infrequent in performance or small in volume as to result in no appreciable demands upon the air carrier's maintenance facilities. When overhauls of airframes or aircraft engines are as a consistent practice accounted for on an accrual basis instead of being expensed directly, maintenance burden shall be allocated to such overhauls on a pro rata basis. Standard burden rates may be employed for quarterly allocations of maintenance burden provided the rates are reviewed at the close of each calendar year. When the actual burden rate for the year differs materially from the standard burden rate applied, adjustment shall be made to reflect the actual cost incurred for the full accounting year. Allocations of maintenance burden to capital projects, and service sales to others shall be effected through the individual maintenance burden objective accounts, except that the air carrier may effect such allocations by credits to profit and loss account 77 Uncleared Expense Credits under circumstances in which the use of that account will not undermine the significance of the individual maintenance burden objective accounts in terms of the expense levels associated with the air carrier's air transport services. Maintenance burden allocated to overhauls shall be credited to profit and loss subaccounts 5372.1 or 5372.6 Airworthiness Allowance Provisions.

B. Revising function 7000 to read:

7000 Depreciation and Amortization.

This function shall include all charges to expense to record losses suffered through current exhaustion of the serviceability of property and equipment due to wear and tear from use and the action of time and the elements, which are not replaced by current repairs as well as losses in serviceability occasioned by obsolescence, supersession, discoveries, change in popular demand or action by public authority. It shall also include charges for the amortization of capitalized developmental and preoperating costs, leased property under capital leases and other intangible assets applicable to the performance of air transportation. (See sections 2-20, 5-5 and 6-1696, 1830 and 1890.)

7100 [Amended]

C. Removing paragraph (d) of function 7100 *Transport-Related Expenses.*

Section 11—[Amended]

21. Section 11, *Functional Classification—Operating Expenses of*

Group II and Group III Air Carriers, is amended by:

A. Revising paragraph c. of subfunction 5300 under function 5400 to read:

5300 *Maintenance Burden.*

* * * * *

c. This subfunction shall include only those expenses attributable to the current air transport operations of the air carrier. Maintenance burden associated with capital projects of the air carrier, other than overhauls of airframes and aircraft engines, shall be allocated to such projects in accordance with the provisions of section 2-9(b). Maintenance burden incurred in common with services to other companies and operating entities shall be allocated to such services on a pro rata basis unless the services are so infrequent in performance or small in volume as to result in no appreciable demands upon the air carrier's maintenance facilities. When overhauls of airframes or aircraft engines are as a consistent practice accounted for on an accrual basis instead of being expensed directly, maintenance burden shall be allocated to such overhauls on a pro rata basis. Standard burden rates may be employed for quarterly allocations of maintenance burden provided the rates are reviewed at the close of each calendar year. When the actual burden rate for the year differs materially from the standard burden rate applied, adjustment shall be made to reflect the actual costs incurred for the full accounting year. Allocations of maintenance burden to capital projects, and service sales to others shall be effected through the individual maintenance burden objective accounts, except that the air carrier may effect such allocations by credits to profit and loss account 77 Uncleared Expense Credits under circumstances in which the use of that account will not undermine the significance of the individual maintenance burden objective accounts in terms of the expense levels associated with the air carrier's air transport services. Maintenance burden allocated to overhauls shall be credited to profit and loss subaccounts 5372.1 or 5372.6 Airworthiness Allowance Provisions.

B. Revising function 7000 to read:

7000 Depreciation and amortization.

This function shall include all charges to expense to record losses suffered through current exhaustion of the serviceability of property and equipment due to wear and tear from use and the action of time and the elements, which are not replaced by current repairs, as well as losses in serviceability occasioned by obsolescence, supersession, discoveries, change in popular demand or action by public authority. It shall also include charges for the amortization of capitalized developmental and preoperating costs, leased property under capital leases, and other intangible assets applicable to the performance of air transportation.

(See section 2-20, 5-5 and sections 6-1696, 1830 and 1890).

7100 [Amended]

C. Removing paragraph (d) of function 7100, *Transport-Related Expenses.*

Section 12—[Amended]

22. Section 12, *Objective Classification—Operating Revenues and Expenses*, is amended by:

A. Revising paragraph (c) of account 06 to read:

06 Property.

* * * * *

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

06.1 *Freight.*

Record here revenue from the transportation by air of property other than passenger baggage.

06.2 *Excess Passenger Baggage.*

Record here revenue from the transportation by air of passener baggage in excess of fixed free allowance.

B. Revising paragraph (c) of account 07 to read:

07 Charter.

* * * * *

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

07.1 *Passenger.*

Record here revenue from the transportation of passengers and their personal baggage.

07.2 *Property.*

Record here revenue from the transportation of property.

C. Revising account 08 to read:

08 Public Service Revenues (Subsidy).

Record here amounts of compensation received pursuant to the provisions of section 419 of the Federal Aviation Act under rates established by the Civil Aeronautics Board for the provision of essential air service to small communities.

D. Revising paragraph (b) of account 25 to read:

25 Maintenance labor.

* * * * *

(b) This account shall be subdivided as follows:

Group II and Group III Air Carriers

25.1 *Labor-Airframes and Other Flight Equipment.*

Record here the direct labor expended upon airframes, spare parts related to airframes, and other flight equipment (Other than aircraft engines and spare parts related to aircraft engines). Other flight equipment shall include instruments, which encompass all gauges, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines which are maintaned separately from airframes and aircraft engines.

25.2 *Labor-Aircraft Engines.*

Record here the direct labor expended upon aircraft engines and spare parts related to aircraft engines.

Group I Air Carriers

25.6 *Labor-Flight Equipment.*

Record here the direct labor expended upon flight equipment of all types and classes.

All Air Carrier Groups

25.9 *Labor-Ground Property and Equipment*

Record here the direct labor expended upon ground property and equipment of all types and classes. Direct labor expended upon general ground properties shall be charged to subfunction 5200 Direct Maintenance; and direct labor expended upon maintenance buildings and equipment shall be charged to subfunction 5300 Maintenance Burden.

E. Amending paragraph (c) of account 42 by revising the account title and description of subaccount 42.1 to read as follows and removing subaccount 42.3.

42 General Services Purchased-Associated Companies.

* * * * *

(c) This account shall be subdivided as follows by each air carrier group:

Group II and Group III Air Carriers

42.1 *Airframe and Other Flight Equipment Repairs-Associated Companies.*

Record here charges by associated companies for maintenance or repair of airframes and spare parts related to airframes owned or leased by the air carrier. Charges by associated companies for maintenance or repair of other flight equipment (including instruments) owned or leased by the air carrier, excluding aircraft engines and spare parts related to aircraft engines, shall also be recorded here. Instruments shall include all gauges, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines, which are maintained separately from airframes and aircraft engines. Charges by associated companies for maintenance of airframes and other flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 42.7 Aircraft Interchange Charges-Associated Companies.

* * * * *

F. Amending paragraph (c) of account 43 by revising the account title and account description for subaccount 43.1 to read as follows and by removing subaccount 43.3.

43 General Services Purchased—Outside.

* * * * *

(c) This account shall be subdivided by each air carrier group as follows:

Group II and Group III Air Carriers

43.1 *Airframe and Other Flight Equipment Repairs. Outside.*

Record here charges for maintenance or repair of airframes and spare parts related to airframes owned or leased by the air carrier. Charges for maintenance or repair of other flight equipment (including instruments) owned or leased by the air carrier, excluding aircraft engines and spare parts related to aircraft engines, shall also be recorded here. Instruments shall include all gauges, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines, which are maintained separately from airframes and aircraft engines. Charges by others for maintenance of flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges—Outside.

* * * * *

G. Amending paragraph (b) of account 46 by revising the account title and account description of subaccount 46.1 to read as follows and by removing subaccount 46.3.

46 Maintenance Materials.

* * * * *

(b) This account shall be subdivided as follows:

46.1 *Materials—Airframes and Other Flight Equipment.*

Record here the cost of materials and supplies consumed directly in maintenance of airframes and spare parts related to airframes. Other flight equipment (including instruments), excluding aircraft engines and spare parts related to aircraft engines, shall also be recorded here. Instruments shall include all guages, meters, measuring devices, and indicators, together with appurtenances thereto for installation in aircraft and aircraft engines, which are maintained separately from airframes and aircraft engines.

* * * * *

H. Revising the account title and account description of account 59 to read:

59 Schedules and Timetables.

Record here the production and distribution cost, excluding compensation of air carrier personnel, of all operating schedules, timetables, circulars and related quick reference charts.

I. Revising paragraph (b) of account 72 to read:

72 Aircraft Overhauls.

* * * * *

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

72.1 *Airworthiness Allowance Provisions—Airframes.*

Record here current provisions for effecting an equitable distribution of airframe overhaul costs between different accounting periods. Record here also credits for airframe overhaul costs incurred in the current period which have been charged against related airworthiness allowances.

72.3 *Airframe Overhauls Deferred.*

Record here airframe overhauls of the current period transferred to subaccount 1601.2, Unamortized Airframe Overhauls, and the amount of deferred airframe overhaul costs amortized for the current period.

72.6 *Airworthiness Allowance Provisions-Aircraft Engines.*

Record here current provisions for effecting an equitable distribution of aircraft engine overhauls costs between different accounting periods. Record here also credits for aircraft engine overhaul costs incurred in the current period which have been charged against related airworthiness allowances.

72.8 *Aircraft Engine Overhauls Deferred.*

Record here airframe overhauls of the current period transferred to subaccount 1602.2, Unamortized Aircraft Engine Overhauls, and the amount of deferred aircraft engine overhaul costs amortized for the current period.

J. Revising account 76 to read:

76 *Amortization Expense-Capital Leases.*

(a) Record here amortization charges applicable to assets recorded under capital leases in Account 1695 — Leased Property under Capital Leases.

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

76.1 *Amortization-Capitalized Flight Equipment.*

Record here amortization charges applicable to flight equipment acquired under capital leases.

76.2 *Amortization-Capitalized Other Property and Equipment.*

Record here the amortization charges applicable to property and equipment, other than flight equipment, acquired under capital leases.

Section 14—[Amended]

23. Section 14, *Objective Classification—Nonoperating Income and Expense*, is amended by:

A. Revising the account description of account 80, to read:

80 Interest Income.

Included under account 89 Other Nonoperating Income and Expense-Net.

B. Revising the title and account description of account 82, *Other Interest Expenses*, to read:

82 Other Interest.

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

82.1 *Interest Expense—Short-Term Debt.*

Record here interest on all classes of short-term debt.

83.1 *Imputed Interest Capitalized-Credit.*

Record here credits related to imputed interest capitalized pursuant to section 2–10 and recorded in assets accounts.

83.2 *Imputed Interest Deferred-Debit.*

Record here debits related to imputed interest deferred pursuant to section 2–10 in balance sheet account 2390 Other Deferred Credits.

83.3 *Imputed Interest Deferred-Credit.*

Record here periodic credits pursuant to section 2–10 for imputed interest, cleared to this account as the amount of such interest in the asset accounts is amortized.

83.4 *Interest Capitalized-Credit.*

Record here interest which is capitalized pursuant to section 2–10 and recorded in asset accounts.

84.1 *Amortization of discount and expense on debt.*

Record here for all classes of debt the amortizations of discount and expense on short-term and long-term obligations.

84.2 *Amortization of premium on debt.*

Record here for all classes of debt the amortizations of premium on short-term and long-term obligations.

C. Revising the account description of account 83 to read:

83 Capitalized Interest.

Included under account 82 Other Interest.

D. Revising the account description of account 84 to read:

84 Amortization of Debt Discount, Premium and Expense.

Included under account 82 Other Interest.

E. Revising the title and account description of account 87, *Income from Investor Controlled Companies*, to read:

87 Equity in Income of Investor Controlled Companies.

Included under account 89 Other Nonoperating Income and Expense-Net.

F. Amending paragraph (b) of account 89 by adding new subaccounts 80.0 and 87.0, and revising the account descriptions of subaccounts 86.0 and 89.9 to read:

89 Other Nonoperating Income and Expenses-Net.

* * * * *

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

80.0 *Interest Income.*

(a) Record here interest income from all sources. This account shall include as an increase or reduction of interest received the proportionate amortization of any discount or premium on the purchase price of securities of others held by the air carrier.

(b) This account shall not include interest on securities issued or assumed by the air carrier and subsequently reacquired.

86.0 *Income from Nontransport Ventures.*

(a) Record here the gross revenues and expenses applicable to operations not reasonably considered as incidental to the commercial air transport services of the accounting entity; rents from nonoperating properties used by others; income or loss from nontransport divisions; and other income or loss from activities of the air carrier which are extraneous to the air transport and incidental services of the accounting entity.

(b) This account shall include revenues and expenses applicable to nonscheduled transport services performed for the defense establishment when separate reports for such services are required in accordance with section 21 "Introduction to System of Reports." Where the foregoing transport services are not required to be separately reported, gross revenues from such services shall be included in profit and loss account 07 Charter, or other appropriate revenue account, and gross expenses shall be included in the appropriate operating expense functions.

87.0 *Equity in Income of Investor Controlled Companies.*

Record here the equity in the current earnings or losses of investor controlled companies. Dividends declared on the stock of such companies shall not be included in this account as income but shall be entered in balance sheet subaccount 1510.1 Investments in Investor Controlled Companies as a return on investment.

* * * * *

89.9 *Other Miscellaneous Nonoperating Debits.*

Record here all debits of a nonoperating character not provided for otherwise, such as the following:

(a) Fines or penalties imposes by governmental authorities;

(b) Costs associated with employment discrimination that include the following:

(1) Fines or penalties paid by the carrier as a result of a judicial or administrative decree; or the amount paid to the complainant in settling or securing a consent decree;

(2) Back pay awards as a result of a judicial or administrative decree or a compromise settlement regardless of admission of guilt;

(3) Attorneys' fees or court costs awarded to the complainant by a judicial or administrative decree or as a result of a compromise settlement regardless of admission of guilt;

(4) The fees of outside legal counsel or of experts retained in the unsuccessful defense of a discrimination suit or in securing a compromise settlement or consent decree, unless the amounts attributable to the discrimination are not reasonably identifiable; or

(5) Any other expenses, such as employee salaries, resulting from employment practices that were found to be discriminatory or that were the subject of a compromise settlement or consent decree where the amounts attributable to discrimination are reasonably identifiable.

(c) Amortization expense attributable to capital leases recorded in balance sheet Account 1795, Leased Property under Capital Leases;

(d) Costs related to property held for future use;

(e) Donations for charitable, social or community welfare purposes;

(f) Losses on reacquired and retired or resold debt securities of the air carrier;

(g) Losses resulting from troubled debt restructurings;

(h) Losses on uncollectible nonoperating receivables; or

(i) Accruals to allowance for uncollectible nonoperating receivables.

Section 19—[Amended]

24. Section 19, *Uniform Classification of Operating Statistics*, is amended by:

A. Revising section 19-1 to read:

Sec. 19-1 Chart of Operating Statistical Elements.

Air transport traffic and capacity elements	Service classes
AIRPORT-TO-AIRPORT TRAFFIC AND CAPACITY	
501 Interairport distance	Z
110 Revenue passengers enplaned	A, C, E, G, L, N, P, R
111 First class	A, E
112 Coach	C, E
210 Revenue cargo tons enplaned	A, C, E, G, L, N, P, R
213 U.S. mail—priority	A, C, E, G, L, N, P, R
214 U.S. mail—nonpriority	A, C, E, G, L, N, P, R
215 Foreign mail	A, C, E, G, L, N, P, R
217 Freight	A, C, E, G, L, N, P, R
130 Revenue passengers transported	A, C, E, G, L, N, P, R
131 First class	A, E
132 Coach	C, E
150 Nonrevenue passengers transported	A, C, E, G, L, N, P, R
230 Revenue tons transported	A, C, E, G, L, N, P, R
231 Passenger	A, C, E, G, L, N, P, R
233 U.S. mail—priority	A, C, E, G, L, N, P, R
234 U.S. mail—nonpriority	A, C, E, G, L, N, P, R
235 Foreign mail	A, C, E, G, L, N, P, R
236 Express	A, C, E, G, L, N, P, R
237 Freight	A, C, E, G, L, N, P, R
250 Nonrevenue tons transported	A, C, E, G, L, N, P, R
310 Seats available	A, C, E, G, L, N, P, R
311 First class	A, E, G
312 Coach	C, E, G
270 Tons available	A, C, E, G, L, N, P, R
410 Revenue aircraft miles flown	A, C, E, G, L, N, P, R
411 Scheduled	A, C, E, G
412 Extra section	A, C, E, G
430 Revenue aircraft miles scheduled	A, C, E, G
431 Scheduled aircraft miles completed	A, C, E, G
510 Revenue aircraft departures performed	A, C, E, G, L, N, P, R
511 Scheduled service	A, C, E, G
512 Extra section	A, C, E, G
520 Revenue aircraft departures scheduled	A, C, E, G
521 Scheduled aircraft departures completed	A, C, E, G
AIRCRAFT OPERATIONS	
420 Nonrevenue aircraft miles flown	Z
610 Revenue aircraft hours (airborne)	A, C, E, G, L, N, P, R
620 Nonrevenue aircraft hours (airborne)	Z
630 Aircraft hours (ramp-to-ramp)	A, C, E, G, L, N, P, R
MISCELLANEOUS OPERATING ELEMENTS	
810 Aircraft days assigned to service-carrier's equipment	Z
820 Aircraft days assigned to service-carrier's routes	Z
830 Hours on other carriers' interchange equipment (airborne)	Z
921 Aircraft fuels issued (gallons)	Z
922 Aircraft oils issued (gallons)	Z

Sec. 19-2 [Amended]

B. Removing paragraph (g) of section 19-2, *Maintenance of Data.*

C. Revising paragraph (a) of section 19-3 to read:

Sec. 19-3 Accessibility and Transmittal of Data.

(a) Each large certificated air carrier shall maintain its prescribed operating statistics in a manner and at such locations as will permit ready availability for examination by representatives of the Board. All Group III carriers shall transmit to the Board on a monthly basis individual flight stage data for scheduled services as prescribed in Section 19-5, summarized by flight number, service segment, service class and aircraft type. Group III air carriers shall utilize either ADP tapes or ADP punched cards for transmitting the prescribed data to the Board unless otherwise specifically permitted by the Board's Office of Comptroller to provide flight stage data on Schedule T-9. All Group I carriers and Group II carriers shall transmit to the Board on a monthly basis individual flight data for scheduled services as prescribed in the reporting instructions for Schedule T-9 in Section 25 of this Part.

* * * * *

D. Amending paragraph (e) of section 19-5 by revising entries Z501 through X250 under "Airport-to-Airport Traffic and Capacity Data" and by revising the entries under "Aircraft Operations" and "Miscellaneous Operating Elements" to read as follows:

Sec. 19-5 Air transport traffic and capacity elements.

* * * * *

(e) The elements, by category and alpha-numeric code, for which data are to be maintained in accordance with the above are as follows:

Airport-to-Airport Traffic and Capacity Data

Z501 *Interairport distance.* The great circle distance, in statute miles, between airports served by each flight stage. Official interairport mileages are available from the Board's Data Services Section, Information Management Division, Office of Comptroller.

X110 *Revenue passengers enplaned.* The number of revenue passengers enplaned. Data shall be maintained with respect to such enplanements to show for each airport subsequently served by each flight, the number of deplaning revenue passengers, i.e., the on-flight origin and destination thereof. Separate data shall be maintained as follows:

X111 First class.
X112 Coach.

X210 *Revenue cargo tons enplaned.* The total of revenue cargo tons enplaned. Data shall be maintained with respect to such enplanements to show for each airport subsequently served by each flight, the tons of deplaning revenue traffic, i.e., the on-flight origin and destination thereof, for each of the following classes:

X213 U.S. mail—priority.
X214 U.S. mail—nonpriority.
X215 Foreign mail.
X217 Freight.

X130 *Revenue passengers transported.* The number of revenue passengers transported. Separate data shall be maintained as follows:

X131 First class.
X132 Coach.

X150 *Nonrevenue passengers transported.* The number of nonrevenue passengers transported.

X230 *Revenue tons transported.* The number of tons of revenue traffic transported. Separate data shall be maintained for each of the following classes of traffic:

X231 Passenger.
X233 U.S. mail-priority.
X234 U.S. mail-nonpriority.
X235 Foreign mail.
X237 Freight.

X250 *Nonrevenue tons transported.* The number of nonrevenue tons of traffic transported.

* * * * *

Aircraft Operations

Z420 *Nonrevenue aircraft miles flown.* The nonrevenue aircraft miles flown based upon the airport-to-airport distance of each flight stage. In circumstances where an interairport movement is not involved, the mileage may be computed by converting nonrevenue aircraft hours at the appropriate speed for the particular flight.

X610 *Revenue aircraft hours (airborne).* The revenue aircraft hours flown based upon the airborne time of each aircraft movement.

Z620 *Nonrevenue aircraft hours (airborne).* The aircraft hours flown in nonrevenue service based upon the "airborne" time of each aircraft movement.

Z630 *Aircraft hours (ramp-to-ramp).* The aircraft hours flown in both revenue and nonrevenue services, based upon the "ramp-to-ramp" time of each aircraft movement.

Miscellaneous Operating Elements

Z810 *Aircraft days assigned to service-carrier's equipment.* The number of aircraft days that owned or rented aircraft are in the possession of the air carrier and assigned to services of the reporting air carrier or assigned to services of other carriers under aircraft interchange agreements. Aircraft days shall be allocated between operating entities as follows:

(1) Aircraft assigned exclusively to a particular operation shall be recorded for the operation to which assigned.

(2) Aircraft used interchangeably in two or more operating entities shall be prorated between entities on the basis of the ramp-to-ramp time the individual aircraft was in operation in each entity.

(3) The time of aircraft in maintenance or overhaul, or in reserve status, shall be assigned between operating entities on the basis of the relative ramp-to-ramp time all aircraft of the same type were in operation in each entity.

Z820 *Aircraft days assigned to service-carrier's routes.* The number of aircraft days that owned or rented aircraft and aircraft of others under interchange agreements are assigned to services perfomed by the air carrier.

Z830 *Hours on other carriers' interchange equipment (airborne).* The airborne hours flown with aircraft of others in both revenue and nonrevenue services of the air carrier under aircraft interchange agreements.

Z921 *Aircraft fuels issued (gallons).* The gallons of aircraft fuels issued during the current accounting period for both revenue and nonrevenue flights.

Z922 *Aircraft oils issued (gallons).* The gallons of aircraft engine oils issued during the current accounting period for both revenue and nonrevenue flights.

25. Section 21 is amended by revising paragraphs (k) and (l) to read:

Sec. 21 Introduction to Systems of Reports.

* * * * *

(k) Generally, route air carriers' nonscheduled services shall be treated as an integral part of the reporting entity to which most closely related without regard to the geographic area in which such nonscheduled services may actually be performed. However, supplemental reports shall be made of nonscheduled services (including service for the Department of Defense) in areas not encompassed by the prescribed reporting entity in any month in which the available ton-miles of such nonscheduled services exceed 5 percent of the available ton-miles of the reporting entity. Such supplemental reports shall continue until waived by the Board upon a showing that such nonscheduled operations will not in the subsequent 12-month period exceed the 5-percent limit. The supplemental reports to be filed each month or calendar quarter, as applicable, shall be comprised of report Schedules P-5, T-1, and T-2. Transport and nontransport revenues pertaining to such separately reported nonscheduled services shall be reported on Schedule P-2 each quarter.

(l) When and as required in the national interest, any air carrier which performs nonscheduled transport services for the Department of Defense shall, when directed by the Board, make separate reports for such services as if they were conducted by a physically separate transport entity, such reports shall consist of Schedules P-1 through P-8, T-1, and T-2. The letter "D" shall be inserted on such reports, following the schedule number of each P and T schedule. When a carrier has more than one reporting entity, nonscheduled transport and nonscheduled Defense services shall be assigned to the reporting entity to which more closely related.

26. Section 22 is amended by revising the List of Schedules in CAB Form 41 Report and the Due Dates of Schedules in CAB Form 41 Report in paragraph (a), by revising of paragraph (b)(1) and by removing and reserving paragraphs (d) and (k) to read:

Sec. 22 General Reporting Instructions.

(a) * * *

LIST OF SCHEDULES IN CAB FORM 41 REPORT

Schedule No.	Title	Filing frequency	Applicability by carrier group		
			I	II	III
A	Certification	O	(1)	X	X
B-1	Balance Sheet	Q	(1)	X	X
B-1.1	Balance Sheet	S-A	(2)		
B-7	Airframes and Aircraft Engines Acquired	Q		X	X
B-8	Flight Equipment Retired	Q		X	X
B-12	Statement of Changes in Financial Position	Q	(1)	X	X
B-43	Inventory of Airframes and Aircraft Engines	A	X	X	X
P-1.1	Statement of Operations	S-A	(2)		
P-1.2	Statement of Operations	Q	(1)	X	X
P-1(a)	Interim Operations Report	M	X	X	X
P-2	Notes to CAB Form 41 Report	Q	(1)	X	X
P-5.1	Aircraft Operating Expenses	Q(1)/S-A(2)	X		

LIST OF SCHEDULES IN CAB FORM 41 REPORT—Continued

Schedule No	Title	Filing frequency	Applicability by carrier group		
			I	II	III
P-5.2	Aircraft Operating Expenses	Q		X	X
P-6	Maintenance, Passenger Service and General Administrative Expense Functions	Q	(¹)	X	X
P-7	Aircraft and Traffic Servicing, and Promotion and Sales Expense Functions—Group II and Group III Air Carriers.	Q		X	X
P-8	Aircraft and Traffic Servicing, and Promotion and Sales Expense Subfunctions—Group III Air Carriers.	Q			X
P-10	Employment Statistics by Labor Category	A	(¹)	X	X
P-12(a)	Fuel Consumption by Type of Service and Entity	M	(²)	X	X
T-1(a)	Traffic and Capacity Statistics by Class of Service	M	X	X	X
T-1(b)	Traffic and Capacity Statistics by Class of Service-Scheduled Services.	M		X	X
T-1(c)	Traffic and Capacity Statistics by Class of Service-Nonscheduled Services.	M		X	X
T-2	Traffic, Capacity, Aircraft Operations and Miscellaneous Statistics by Type of Aircraft.	Q	X	X	X
T-3(a)	Airport Activity Statistics-Scheduled Revenue Service	Q	X	X	X
T-3(b)	Airport Activity Statistics-Scheduled Revenue Service	Q	X	X	X
T-3(c)	Airport Activity Statistics—Nonscheduled Revenue Service	Q	X	X	X
T-8	Report of All-Cargo Operations	A	(³)	(³)	(³)
T-9	Nonstop Market Report	M	X	X	
G-41	Persons Holding More than 5 Per Centum of Respondent's Capital Stock or Capital.	A	(¹)	X	X

M=Monthly. Q=Quarterly. S-A=Semiannually. A=Annually. X-All Carriers.
[1] Applicable to Group I air carriers with annual operating revenues of $10 million or more.
[2] Applicable to Group I air carriers with annual operating revenues below $10 million.
[3] Applicable to carriers conducting Section 418 all-cargo operations.

DUE DATES OF SCHEDULES IN CAB FORM 41 REPORT

Due Dates[1]	Schedule No
January 20	P-12(a).
January 30	P-1(a), T-1, T- 2,T-3, T-9.
February 10[2]	A, B-1, B-1.1, B-7, B-8, B-12, P-1.1, P-1.2, P-2, P-5.1, P-5.2 P-6, P-7, P-8, P-10.
February 20	P-12(a).
March 1	P-1(a),T-1,T-9.
March 20	P-12(a).
March 30	B-43, P-1(a), G-41, T-1, T-8, T-9.
April 20	P-12(a).
April 30	P-1(a), T-1, T-2, T-3, T-9.
May 10	A, B-1, B-7, B-8, B-12, P-1.1, P-1.2, P-2, P-5.1, P-5.2 P-6, P-7, P-8.
May 20	P-12(a).
May 30	P-1(a), T-1, T-9.
June 20	P-12(a).
June 30	P-1(a), T-1, T-9.
July 20	P-12(a).
July 30	P-1(a), T-1, T-2, T-9.
August 10	A, B-1, B-1.1, B-7, B-8, B-12, P-1.1, P-1.2, P-2, P-5.1, P-5.2 P-6, P-7, P-8.
August 20	P-12(a).
August 30	P-1(a), T-1, T-9.
September 20	P-12(a).
September 30	P-1(a), T-1, T-9.
October 20	P-12(a).
October 30	P-1(a), T-1, T-2, T-3, T-9.
November 10	A, B-1, B-7, B-8, B-12, P-1.2, P-2, P-5.1, P-5.2 P-6, P-7, P-8.
November 20	P-12(a).
November 30	P-1(a), T-1, T-9.
December 20	P-12(a).
December 30	P-1(a), T-1, T-9.

[1] Due dates falling on a Saturday, Sunday or national holiday will become effective the first following work day.
[2] B and P reporting due dates are extended to March 30 if preliminary schedules are filed at the Board by February 10.

(b) * * *

(1) The time for filing B and P report schedules for the final quarter or semiannual period of each calendar year may be extended to the following March 30 if the preliminary Schedules B-1 or B-1.1 and P-1.1 or P-1.2 are submitted, as applicable, and are received on or before their respective due dates.

* * * * *

(d) [Reserved.]

* * * * *

(k) [Reserved]

Section 23—[Amended]

27. Section 23, *Certification and Balance Sheet Elements*, is amended by:

A. Revising the reporting instructions of Schedule B-1 to read:

* * * * *

Schedule B-1—Balance Sheet

(a) This schedule shall be filed by Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

(b) This schedule shall reflect the balances at the close of business on the last day of each calendar quarter for the overall or system operations of each air carrier in conformance with the provisions of sections 4, 5 and 6.

(c) Individual proprietors or partners shall report the aggregate capital contributed by the proprietor or partners in account 2890 Additional Capital Invested.

* * * * *

B. Revising paragraph (a) of the reporting instructions for Schedule B-1.1 to read:

Schedule B-1.1—Balance Sheet

(a) This schedule shall be filed semiannually by Group I air carriers with annual operating revenues below $10 million.

* * * * *

C. Removing the title and reporting instructions for Schedule B-3, *Statement of Changes in Stockholder's Equity.*

D. Removing the title and reporting instructions for Schedule B-5, *Property and Equipment.*

E. Revising the reporting instructions for Schedule B-7 to read:

Schedule B-7—Airframes and Aircraft Engines Acquired

(a) This schedule shall be filed by all Group II and Group III air carriers.

(b) The indicated data shall be reported for each individual airframe, identified by type, model, and design of cabin as to use for passengers exclusively, cargo exclusively, or both passengers and cargo in combination. Data pertaining to aircraft engines shall be reported in aggregate for each type or model; however, aircraft engines obtained under capitalized leases shall be separately reported under a caption entitled: Capital Leases—Aircraft Engines. Airframe units leased from others for a period of more than 90 days shall be reported in a separate subsection of this schedule, captioned as follows: Capital Lease—Airframe Units; and Operating Leases—Airframe Units. In addition, a notation shall be made by license number of airframe units of the air carrier returned after lease to others for a period of more than 90 days. Airframe units obtained through interchange lease arrangements shall not be so reported.

(c) All dates shall indicate the day, the month and the year; shall be provided on a unit basis for airframes only; and, shall be reported for each aircraft engine group by date of transaction.

(d) Report shall be made in the quarter in which each airframe and each group of aircraft engines is actually acquired irrespective of whether the cost thereof is reflected in the property and equipment accounts during the current quarter or a subsequent quarter. If the cost data are not reflected in the current quarter a footnote to that effect shall accompany the report of acquisition. The cost shall be reported during the quarter in which determined and the equipment to which related shall be listed again in this schedule, with complete information, and shall be identified as being the same equipment reported at the earlier date.

(e) Column 2, "Date Placed in Transport Service" shall relate to airframes only and shall be the date on which each airframe was or will be placed in regular service by the reporting entity. If this date is not known at the time of submission of the report, an estimated date bearing the notation "estimate" shall be provided with the exact date shown by footnote on a subsequent Schedule B-7 in which the airframe is reidentified by license number, type of aircraft and date acquired.

(f) Column 8, "Maximum Seat Capacity" shall reflect the number of passenger seats installed in each airframe acquired. When the configuration of airframes provides sleeping accommodations, the passenger capacity shall be shown in terms of a sleeper version and non-sleeper version. When airframes are designed for multiple adjustable seating configurations, the maximum number of seats for which designed shall be reported. When the seating configuration of airframes is modified subsequent to original acquisition, the revised passenger capacity of each airframe shall be reported in the quarter in which modified and referenced to identify original capacity reported.

(g) Column 9, "Cost" shall reflect the book cost of airframes and aircraft engines acquired and the cost of improvements, betterments or other additions made to the acquired equipment.

B-7(b)—[Removed]

F. Removing the title and reporting instructions of Schedule B-7(b), *Flight Equipment Acquired.*

G. Revising the title and reporting instructions of Schedule B-8, *Property and Equipment Retired* to read:

Schedule B-8—Flight Equipment Retired

(a) This schedule shall be filed by all Group II and Group III air carriers.

(b) The indicated data shall be reported for the sale or retirement of each airframe, each type of aircraft engine (stating the number of units retired) and, to the extent retired along with airframes and engines, in aggregates by accounts, for operating property and equipment included in Accounts 1603 through 1608 and nonoperating property and equipment included in Accounts 1703 through 1708. Disposition of properties in Accounts 1608 and 1708 not related to airframe and aircraft engine retirements shall be reported in a separate group for each account. Airframe units leased from others for a period of more than 90 days shall be reported, upon return to the lessor, in a separate subsection of this schedule and captioned as follows: Capital Leases-Airframe Units; and Operating Capital Leases-Airframe Units. In addition a notation shall be made by license number and name of lessee of airframe units leased to others for a period of more than 90 days; moreover, airframe units leased to others under sales-type or direct financing leases shall be separately captioned and reported on this schedule. Airframe units leased under interchange arrangements shall not be so reported. Aircraft engines obtained under capital leases shall be separately reported under a caption entitled: Capital Leases-Aircraft Engines. Additionally, aircraft engines leased to others under sales-type or direct financing leases shall be separately captioned and reported on this schedule.

(c) Retirements shall be listed in the numerical sequence of the property and equipment account to which related.

(d) All dates shall include the day, the month and the year of each transaction.

(e) Column 7, "Cost" shall reflect the book cost of the retired property.

(f) Column 9, "Realization" shall reflect the proceeds from disposition, including any insurance proceeds.

(g) Column 10, "Disposition," shall reflect the name of the person or organization to which airframes and aircraft engines are sold or a notation as to the nature of the retirement and the account to which any depreciated cost has been charged, if not sold. Items included in accounts 1607, 1608, 1707, and 1708, sold as a part of airframe or aircraft engine sales transactions, shall also be identified by the name of the buyer. Other sales of items included in these accounts shall be reported in a separate group in aggregate for each property account affected.

B-10 [Removed]

H. Removing the title and reporting instructions of Schedule B-10, *Unamortized Developmental and Preoperating Costs.*

I. Revising the reporting instructions for Schedule B-12 to read:

Schedule B-12—Statement of Changes in Financial Position

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

(b) This schedule shall be filed for the overall or system operations of the air carrier.

(c) In determining working capital generated by operations, net income as reported on Schedule P-1.1, or Schedule P-1.2 shall be increased by expenses not requiring working capital in the current period and shall be decreased by income not generating working capital in the current period such as gains on property retirements and undistributed earnings of investor controlled companies. Those items which do not generate working capital in the current period shall be included net on line 6 "Other." If the amount reported on line 6, line 12, or line 18 exceeds 5 percent of the total sources or applications, a footnote shall be added to this schedule disclosing the components amounts.

(d) Generally, all items shall be reported in gross amounts. Items not resulting in net working capital changes such as exchanges of bonds or capital stock for fixed assets shall be reported as a source of working capital from the incurrence of debt or issuance of stock and a concurrent application of working capital for the asset acquisition. Likewise, the conversion of debt for capital stock shall be reported as a source of working capital for capital stock issued and an application of working capital for the debt retired.

B-13 [Removed]

J. Removing the title and reporting instructions of Schedule B-13, *Summary of Projected Financial Commitments and Related Deposits.*

B-41 [Removed]

K. Removing the title and reporting instructions of Schedule B-41, *Receivables, Payables and Investments Relating to Affiliates and Other Investment Data.*

L. Revising the reporting instructions for Schedule B-43 to read:

Schedule B-43—Inventory of Airframes and Aircraft Engines

(a) This schedule shall be filed by all Group I, Group II and Group III air carriers.

(b) The indicated data shall be reported for each individual airframe, identified by type, model and design of cabin as to use for passengers exclusively, cargo exclusively, or both passengers and cargo in combination. Type and model refers to aircraft models such as B-707-100, B-707-200, DC-10-40, Beech-18, Piper PA-32, etc. Aircraft Type designations are prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material,* which is available from the Board's Information Management Division. Airframes that are authorized for operation over water under FAA regulation FAR 121 shall be so indicated by asterisk.

(c) Data pertaining to aircraft engines shall be reported on a group basis by type of engine and by type of aircraft to which related.

(d) Data in this schedule shall be grouped and subtotaled as data pertaining to airframes and data pertaining to aircraft engines. Data pertaining to nonoperating airframes and aircraft engines shall be reported in a group below the data for operating equipment. Data pertaining to airframes and aircraft engines obtained under operating and capital leases shall be reported, by type of lease, in a separately captioned grouping below nonoperating airframes and aircraft engines and subgrouped within those groups according to operating and nonoperating equipment.

(e) Data pertaining to airframes and aircraft engines obtained under operating leases shall be listed in columns 1 through 7; the cost of improvements to equipment under operating leases shall be reported in columns 8 through 12.

(f) Column 7 "Available Capacity (Weight)" shall reflect, for each reported aircraft type, the available capacity (stated in pounds) that is used in computing the available ton-miles reported on Schedules T-1 and T-2.

(g) Column 8 "Acquired Cost or Capitalized Value" shall include (1) the acquisition cost of owned airframes and aircraft engines; (2) the total capitalized cost of obtaining airframes and engines under capital leases; and (3) the cost of improvements to airframes and engines obtained under operating leases.

(h) Column 9 "Allowance for Depreciation or Amortization" shall include (1) the accumulations of all provisions for losses due to use and obsolescence that are applicable to owned airframes and aircraft engines and (2) the amount of amortization recorded for amortizing the value of airframes and engines obtained under capital leases.

(i) Column 10 "Depreciated Cost or Amortized Value" shall be calculated as either (1) Acquired Cost (column 6) less the Allowance for Depreciation (column 7) or (2) Capitalized Value (column 6) less Amortization (column 7).

(j) Column 11 "Estimated Residual Value" shall state in dollars the residual value assigned to owned and capital-leased airframes and aircraft engines, including any overhaul value not subject to depreciation.

(k) Column 12 "Estimated Depreciable or Amortizable Life (Months)" shall state the estimated depreciable or amortizable life from the date of acquisition of each airframe and each group of aircraft engines.

B-43.1 [Removed]

M. Removing the title and reporting instructions of Schedule B-43.1, Aircraft Inventory Data.

B-46 [Removed]

N. Removing the title and reporting instructions of Schedule B-46, *Long-Term and Short-Term Nontrade Debt.*

Section 24—[Amended]

28. Section 24, *Profit and Loss Elements*, is amended by:

A. Revising paragraph (a) of the reporting instructions of Schedule P-1.1 to read:

Schedule P-1.1—Statement of Operations

(a) This schedule shall be filed semiannually by Group I air carriers with annual operating revenues below $10 million. Data reported on this schedule shall be for the overall or system operations of the air carrier.

* * * * *

B. Revising paragraphs (a) and (d) to read as follows and by removing and reserving paragraph (e) of the reporting instructions of Schedule P-1.2.

Schedule P-1.2—Statement of Operations

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

* * * * *

(d) Data reported in the "12 Months-to-Date" column shall represent for each item the sum of amounts reported in the "Quarter" column for the current and next previous three quarters.

(e) [Reserved]

* * * * *

C. Revising paragraphs (a) and (i) to read as follows and by removing and reserving paragraphs (h) and (q) of Schedule P-2.

* * * * *

Schedule P-2—Notes to CAB Form 41 Report

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

* * * * *

(h) [Reserved]

(i) Route air carriers shall note on this schedule all dividends declared in the current period on stocks of investor controlled companies.

* * * * *

(q) [Reserved]

P-3 [Removed]

D. Removing the title and reporting instructions of Schedule P-3, *Transport Revenues: Depreciation and Amortization: Nonoperating Income and Expense (Net).*

P-3(a) [Removed]

E. Removing the title and reporting instructions of Schedule P-3(a), *Income Taxes.*

P-4 [Removed]

F. Removing the title and reporting instructions of Schedule P-4, *Transport-Related Revenues and Expenses; Explanation of Extraordinary Items and Cumulative Effect of Accounting Changes in Prior Years; Explanation of Prior Period Adjustments and Dividends Declared.*

G. Revising Schedule P-5.1 to read:

Schedule P-5.1—Aircraft Operating Expenses

(a) This schedule shall be filed by all Group I air carriers. Group I air carriers that have annual operating revenues of $10 million or more shall file this schedule quarterly. Group I air carriers that have annual operating revenues below $10 million shall file this schedule semiannually.

(b) Subject to the provisions of Section 22(a), quarterly reports are due on May 10, August 10, November 10 and February 10 for the first, second, third and fourth calendar quarters, respectively. Semiannual reports are due on August 10 and February 10.

(c) Each carrier shall indicate in the space provided its full corporate name and an "X" shall be inserted in the appropriate box to indicate whether the data being reported are quarterly or six months data. The period-ending data shall be indicated in the space provided.

(d) Route and charter air carriers subject to the quarterly filing requirement shall file this schedule for each operating entity of the air carrier. Air carriers subject to the semiannual filing requirement shall file this schedule for the overall or system operations of the air carrier.

(e) This schedule shall show the direct and indirect expenses incurred in aircraft operations. Direct expense data applicable to each aircraft type operated by the carrier shall be reported in separate colums of this schedule. Each aircraft type reported shall be identified at the head of each column in the space provided. "Aircraft Type" refers to aircraft models such as B-707-100, B-707-200, DC-10-40, Beech-18, Piper PA-32, etc. Aircraft Type designations are prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material*, which is available from the Board's Information Management Division. In the space provided for "Aircraft Code" carriers shall insert the four digit code which is prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material* for the reported aircraft type.

(f) Direct aircraft operating expenses shall be reported in the following categories:

(1) Line 2 "Flying Operations (Less Rental)" shall be subdivided as follows:

(i) Line 3 "Pilot and Copilot" expense shall include pilots' and copilots' salaries, and related employee benefits, pensions, payroll taxes and personnel expenses.

(ii) Line 4 "Aircraft Fuel and Oil" expense shall include the cost of fuel and oil used in flight operations and nonrefundable aircraft fuel and oil taxes.

(iii) Line 5 "Other" expenses shall include general (hull) insurance, and all other expenses incurred in the in-flight operation of aircraft and holding of aircraft and aircraft operational personnel in readiness for assignment to an in-flight status that are not provided for otherwise on this schedule.

(2) Line 6 "Total Flying Operations (Less Rentals)" shall equal the sum of lines 3, 4 and 5.

(3) Line 7 "Maintenance-Flight Equipment" shall include the cost of labor, material and related overhead expended by the carrier to maintain flight equipment, general services purchased for flight equipment maintenance from associated or other outside companies, and provisions for flight equipment overhauls.

(4) Line 8 "Depreciation and Rental-Flight Equipment" expense shall include depreciation of flight equipment, amortization of capitalized leases for flight equipment, provision for obsolescence and deterioration of spare parts, and rental expense of flight equipment.

(5) Line 9 "Total Direct Expense" shall equal the sum of lines 6, 7 and 8.

(g) Line 10 Indirect aircraft operating expenses shall be reported only in total for all aircraft types and shall be segregated according to the following categories:

(1) Line 11 "Flight Attendant Expense" shall include flight attendants' salaries, and related employee benefits, pensions, payroll taxes and personnel expenses.

(2) Line 12 "Traffic Related Expense" shall include traffic solicitor salaries, traffic commissions, passenger food expense, traffic liability insurance, advertising and other promotion and publicity expenses, and the fringe benefit expenses related to all salaries in this classification.

(3) Line 13 "Departure Related (Station) Expense" shall include aircraft and traffic handling salaries, landing fees, clearance, customs and duties, related fringe benefit expenses and maintenance and depreciation on ground property and equipment.

(4) Line 14 "Capacity Related Expense" shall include salaries and fringe benefits for general management personnel, recordkeeping and statistical personnel, lawyers, and law clerks, and purchasing personnel; legal fees and expenses; stationery; printing; uncollectable accounts; insurance purchased-general; memberships; corporate and fiscal expenses; and all other expenses which cannot be identified or allocated to some other specifically identified indirect cost category.

(h) Line 15 "Total Indirect Expense" shall equal the sum of lines 11, 12, 13 and 14.

(i) Line 16 "Total Operating Expense" shall equal the sum of lines 9 and 15.

H. Revising reporting instructions for Schedule P-5.2 to read:

Schedule P-5.2—Aircraft Operating Expenses

(a) This schedule shall be filed by all Group II and Group III air carriers.

(b) Route and charter air carriers shall file this schedule for each operating entity of the air carrier.

(c) Data applicable to each aircraft type operated by the air carrier shall be reported in separate columns of this schedule. "Aircraft Type" refers to aircraft models (such as B-707-100, B-707-300, DC-9-30, etc.) that are prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material*, which is available from the Board's Information Management Division. In the space provided for "Aircraft Code" carriers shall insert the four digit code which is prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material* for the reported aircraft type. For route air carriers, expenses of operating aircraft provided by other carriers under interchange agreements shall be separately reported in total for all such aircraft as if for a distinct aircraft type. Interchange expenses applicable to aircraft of the same type as those owned or operated by the air carrier shall be distributed in summary memo form as item 98.1 and 98.2 to each aircraft type owned or operated by that air carrier. Aircraft types not generally used in revenue service shall be separately reported. If more than one type of aircraft is involved, a separation of data relating to each type of aircraft shall not be required.

(d) Each aircraft type for which a report is being made shall be identified at the head of each column in the space provided. Data applicable to aircraft designed primarily for cargo services and only incidentally used for passenger services shall be reported in separate columns, and the word "cargo" shall be inserted after the aircraft type at the head of the column. The prescribed reporting by aircraft types may be reviewed from time to time upon request by individual air carriers, or upon the initiative of the Board, and groupings of aircraft types for reporting purposes may be prescribed or amended in specific instances.

(e) Italicized codes and item titles do not constitute accounts or account numbers prescribed for air carrier accounting, but shall be used for reporting purposes only.

(f) Item 79.6 "Applied Maintenance Burden" shall reflect a memorandum allocation by each air carrier of the total expenses included in subfunction 5300 "Maintenance Burden" between maintenance of flight equipment, by aircraft type, and maintenance of ground property and equipment in accordance with item (g) of the instructions for Schedule P-6. The amount reported for this item, in aggregate for all aircraft types, shall agree with the amount reported for the same item reflected on Schedule P-6.

(g) Item 73 "Obsolescence and Deterioration—Expendable Parts" shall reflect (for obsolescence and deterioration of flight equipment expandable parts) the gross provisions for losses in value of expendable parts during the current accounting period offset by any credits applicable to the current period for adjustments for excess inventory levels determined pursuant to section 6-1311.

(h) The total of function 5100 "Flying Operations" reported on this schedule shall agree with corresponding amounts reported on Schedule P-1.2 and the total of item 5278 "Total Direct Maintenance—Flight Equipment" shall agree with the corresponding amount reported in Schedule P-6.

P-5.1(a) [Removed]

I. Removing the title and reporting instructions of Schedule P-5.1(a), *Statement of Aircraft Operating Expenses.*

P-5(a) [Removed]

J. Removing the title and reporting instructions of Schedule P-5(a).

Components of Flight Equipment Depreciation.

K. Revising paragraphs (a) and (e) to read as follows and by removing and reserving paragraphs (c) and (d) of Schedule P–6:

Schedule P–6—Maintenance, Passenger Service and General Services and Administration Subfunctions

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

* * * * *

(c) [Reserved]

(d) [Reserved]

(e) Group I air carriers shall report the indicated data for all except function 5500 Passenger Service.

* * * * *

L. Revising the reporting instructions of Schedule P–7 to read:

Schedule P–7—Aircraft and Traffic Servicing, Promotion and Sales, and General and Administrative Expense Functions

(a) This schedule shall be filed by all Group II and Group III air carriers.

(b) Route and charter air carriers shall file this schedule for each operating entity of the air carrier.

(c) Group II air carriers and Group III charter carriers shall report the indicated data for all except subfunction 6100 Aircraft Servicing.

(d) Group III air carriers shall report the indicated data for subfunction 6100 Aircraft Servicing and function 6800 General and Administrative and shall disregard the data indicated for functions 6400 Aircraft and Traffic Servicing and 6700 Promotion and Sales.

M. Revising the reporting instructions of Schedule P–8 to read:

Schedule P–8—Aircraft and Traffic Servicing, and Promotion and Sales Expense Subfunctions

(a) This schedule shall be filed by each Group III air carrier only.

(b) Route and charter air carriers shall file this schedule for each operating entity of the air carrier.

(c) The sum of the totals reported in this schedule for subfunctions 6200 Traffic Servicing and 6300 Servicing Administration, together with 6100 Aircraft Servicing in Schedule P–7 shall agree with the corresponding amount reported for function 6400 Aircraft and Traffic Serving in Schedule P–1.2. The sum of the totals reported in subfunctions 6500 Reservations and Sales and 6600 Advertising and Publicity shall agree with the corresponding amount reported for function 6700 Promotion and Sales in Schedule P–1.2.

P–9.10 [Removed]

N. Removing the title of Schedule P–9.1, *Distribution of Ground Servicing Expenses by Geographic Location—Group I Air Carriers.*

O. Revising paragraphs (a) and (d) and adding a new paragraph (e) to the reporting instructions of Schedule P–10 to read:

Schedule P–10—Employment Statistics by Labor Category

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

* * * * *

(d) Labor category description—"Other personnel" shall include all employees whose salary is chargeable to accounts 30, 32, 34 and 35 in this Uniform System of Accounts and Reports.

(e) Labor category description—"Transport-related" shall include all employees whose salary is not chargeable to one of the various salary accounts contained in the Uniform System of Accounts and Reports. For example, this category would include those employees who work in transport-related operations and other activities for which a separate payroll account is not prescribed. The number of employees reported as transport-related shall be calculated in accordance with paragraph (c) of these reporting instructions.

P. Revising paragraph (a) of the reporting instructions of Schedule P–12(a) to read:

Schedule P–12(a)—Fuel Consumption by Type of Service and Entity

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

* * * * *

Section 25—[Amended]

29. Section 25, *Traffic and Capacity Elements,* is amended by:

A. Revising paragraph (b) of the general instructions to Section 25 to read:

* * * * *

(b) Schedules T–1, T–2, and T–3 shall be in a form prescribed by the Board or in the form of approved machine listings. The same information reported in Schedule T–1 shall also be submitted on magnetic tape or punched cards at the time the hardcopy schedules are submitted; however, those air carriers not having access to automatic data processing equipment shall submit only hardcopy reports to the Board.

* * * * *

B. Revising paragraph (d) of the reporting instructions for Schedules T–1(a), T–1(b) and T–1(c) to read:

Schedule T–1(a)—Traffic and Capacity Statistics by Class of Service

Schedule T–1(b)—Traffic and Capacity Statistics by Class of Service-Scheduled Services

Schedule T–1(c)—Traffic and Capacity Statistics by Class of Service-Nonscheduled Services

* * * * *

(d) A description of each item shall be given in the left margin, and separate columns shall be used to present the codes and data as applicable for each classification of service prescribed in section 19–4, namely, Scheduled Cargo Service, Nonscheduled Civilian Passenger-Cargo Service, Nonscheduled Military Passenger-Cargo Service, Nonscheduled Civilian Cargo Service, Nonscheduled Military Cargo Service and All Services. In addition, columns are provided for total scheduled and total nonscheduled services. Nonscheduled Military Passenger-Cargo Service and Nonscheduled Military Cargo Service shall be reported by aircraft type. Each aircraft type reported shall be identified at the head of each column in the space provided. "Aircraft Type" refers to aircraft models such as B–707–100, B–707–200, DC–10–40, etc. Aircraft Type designations are prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material,* which is available from the Board's Information Management Division. In the space provided for "Aircraft Code" carriers shall insert the four digit code which is prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material* for the reported aircraft type. The schedule shall include the following items:

Code	Elements
X110	Revenue passenger onplaned.
X140	Revenue passenger-miles.
X141	First class.
X142	Coach.
X160	Nonrevenue passenger-miles.
X240	Revenue ton-miles.
X241	Passenger
X243	U.S. mail-priority.
X244	U.S. mail-nonpriority.
X245	Foreign mail.
X247	Freight.
X260	Nonrevenue ton-miles.
X280	Available ton-miles.

Code	Elements
X320	Available seat-miles.
X321	First class.
X322	Coach.
X410	Revenue aircraft miles flown.
X430	Revenue aircraft miles scheduled.
X431	Scheduled aircraft miles completed.
X510	Revenue aircraft departures performed.
X610	Revenue aircraft hours (airborne).
X620	Nonrevenue aircraft hours (airborne).
XXXX	Revenue aircraft hours (ramp-to-ramp).

C. Revising the title and paragraphs (a) and (d) of the reporting instructions of Schedules T–2(a) and T–2(b) to read:

Schedule T–2—Traffic, Capacity, Aircraft Operations and Miscellaneous Statistics by Type of Aircraft

(a) This schedule shall be filed quarterly by all carrier groups.

* * * * *

(d) A description of each item and the identifying code shall be given in the left margin, and separate columns shall be used for the data applicable to each type of aircraft as identified for reporting purposes in the *Manual of ADP Instructions, Outputs, Codes and Related Material,* which is available from the Board's Information Management Division. In the space provided for "Aircraft Code" carriers shall insert the four digit code which is prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material* for the reported aircraft type. Aircraft of the same basic structure, but different cabin design shall be classified accordingly as passenger or cargo aircraft types. The schedule shall include the following items:

SCHEDULED SERVICES

Code	Elements
	Revenue Passenger-Miles (000).
A140,E141	First Class and Mixed First Class Passenger-Cargo.
C140,E142	Coach and Mixed Coach Passenger-Cargo.
G140	Cargo.
K140	Total.
	Available Seat-Miles (000).
A320,E321	First Class and Mixed First Class Passenger-Cargo.
C320,E322	Coach and Mixed Coach Passenger-Cargo.
G320	Cargo.
K320	Total.
K240	Revenue Ton-Miles.
K280	Available Ton-Miles.
	Revenue Aircraft Miles Flown.
A,C,E410	Passenger-Cargo.
G410	Cargo.
K410	Total.
	All Services
Z140	Revenue Passenger-Miles (000).
Z320	Available Seat-Miles (000).
Z240	Revenue Ton-Miles.
Z280	Available Ton-Miles.
Z410	Revenue Aircraft Miles Flown.
	Aircraft Hours Flown
Z610	Revenue Aircraft Hours (airborne).
Z620	Nonrevenue Aircraft Hours (airborne).
Z650	Total Aircraft Hours (airborne).
	Miscellaneous Operating Factors
Z810	Aircraft Days Assigned to Service-Carrier's Equipment.
Z820	Aircraft Days Assigned to Service-Carrier's Routes.
Z420	Nonrevenue Aircraft Miles Flown.
Z830	Carrier's Interchange Equipment-Hours on Others (airborne).
Z630	Aircraft Hours (ramp-to-ramp).
Z921	Aircraft Fuels Issued (gallons).
Z922	Aircraft Oils Issued (gallons).

D. Revising the titles of Schedules T–3(a) and T–3(b), adding a new paragraph (e) to and revising paragraph (d) of the reporting instructions of Schedules T–3(a), T–3(b) and T–3(c) to read:

Schedule T–3(a)—Airport Activity Statistics-Scheduled Revenue Service

Schedule T–3(b)—Airport Activity Statistics-Scheduled Revenue Service

Schedule T–3(c)—Airport Activity Statistics-Nonscheduled Revenue Service

* * * * *

(d) Data shall be reported and listed in alphabetical sequence for each airport at which a carrier has conducted either scheduled service or charter operations during the report period. However, data applicable to international airports that are served only on a charter basis may be grouped and reported in total following the listing of individual airports. The schedule shall include the following items:

Item	Scheduled service	Nonscheduled service
Airport code		
Revenue aircraft departures scheduled	K520	
Scheduled revenue departures completed	K521	
Revenue aircraft departures performed total by aircraft type	K510	V510
Revenue passengers enplaned	K110	V110
Revenue cargo tons enplaned:		
U.S. mail-priority	K213	V213
U.S. mail-nonpriority	K214	V214
Foreign mail	K215	V215
Freight	K217	V217

(e) Where data are required to be reported by aircraft type, separate columns shall be used for the data applicable to each type of aircraft as identified for reporting purposes in the *Manual of ADP Instructions, Outputs, Codes and Related Material,* which is available from the Board's Information Management Division. For each reported aircraft type, carriers shall also insert at the head of each column the four digit "Aircraft Code" which is prescribed in the *Manual of ADP Instructions, Outputs, Codes and Related Material* for the reported aircraft type.

E. Revising paragraph (a) of the reporting instructions of Schedule T–9 to read:

Schedule T–9—Nonstop Market Report

(a) This schedule shall be filed monthly by all Group I and Group II air carriers providing scheduled service and may be used, with the approval of the Board's Comptroller, by new entrants and others without Automatic Data Processing capability that would otherwise be required to comply with the requirements of Section 19–3.

* * * * *

Section 26—[Amended]

30. Section 26, *General Corporate Elements,* is amended by revising paragraph (a) of the reporting instructions of Schedule G–41 to read:

Schedule G–41—Persons Holding More than 5 Per Centum of Respondents Capital Stock or Capital

(a) This schedule shall be filed by all Group II and Group III air carriers and Group I air carriers that have annual operating revenues of $10 million or more.

* * * * *

(Secs. 204, 401, 407, 416, 417, 901, 902, 1002, Pub. L. 85–726, as amended, 72 Stat. 743, 754, 766, 771, 783, 784, 788, 76 Stat. 145; 49 U.S.C. 1324, 1371, 1377, 1386, 1387, 1471, 1472, and 1482)

CAB Form 41 Report is amended accordingly and is available at the address given under **FOR FURTHER INFORMATION CONTACT.**

By the Civil Aeronautics Board.

Phyllis T. Kaylor,

Secretary.

[FR Doc. 85–25 Filed 1–2–85; 8:45 am]

BILLING CODE 6320-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Part 442

[Docket No. 84W–0364]

Antibiotic Drugs; Ceftizoxime Sodium Injection

Correction

In FR Doc. 84–32957 beginning on page 49285 in the issue of Wednesday, December 19, 1984, make the following correction: On page 49286, in the first column, in § 442.217b, in the seventh line