in order to protect technology and products developed under the VHSIC program, in accordance with DoD Instruction (DoDI) 5210.75, "Very High Speed Integrated Circuits (VHSIC) Program Security Classification Guide."

204.7201 Definitions.

"VHSIC-sensitive Information and/or Program Products," as used in this subpart consist of unclassified technical information, subject to DoDI 5230.25, "Withholding of Unclassified Technical Data from Public Disclosure", that would significantly enhance the ability of a potential adversary to reduce the U.S. technological lead. Such information includes all unclassified information developed under DoD funding and listed in DoDI 5210.75 and excludes that information for which no special controls are required.

(a) *VHSIC-sensitive Information includes the following:*

(1) Internal reports dealing with technical details, particularly the solutions of problems common to VHSIC program contractors.

(2) Fabrication process data parameters and internal specification sheets.

(3) Detailed architecture and logic representations of chip and custom-macro cells, for example, hardware description language, system design language descriptions, and computer data base information unique to the VHSIC program.

(4) Recipe technology and other special technology developments.

(5) Design and layout ground rules when related to the VHSIC program.

(b) *VHSIC-Sensitive Program Products include the following:*

(1) VHSIC-sensitive chips, wafers and rejected parts created or received.

(2) Masks, reticles, pattern generation media (geometry information).

(3) Computer aided design, chip logic design, and chip integration tools unique to the VHSIC program.

(4) Special semiconductor process equipment.

(5) Modules of VHSIC hardware products.

(6) Military systems brassboards.

204.7202 General.

204.7202-1 Policy.

The VHSIC program is a technology initiative sharing roots with commercial microcircuit developments. The objective of the VHSIC program is to enhance the performance of U.S. military forces in relation to those of potential adversaries. The policy is to provide effective protection against disclosure to adversaries of the capabilities developed under the VHSIC program. This protection should neither impede the use of VHSIC products in U.S. military systems nor intrude into commercial microcircuit product design and production.

204.7202-2 Preaward responsibilities.

In accordance with applicable Department and Agency procedures implementing DoDI 5230.26, technical or requirements organizations initiating purchase requests must identify to the contracting officer, the nature and extent of VHSIC-sensitive information and/or program products involved for each purchase request and provide a copy of Enclosures (2) and (4) to DoDI 5230.26.

204.7203 Notification to DIS.

Whenever the clause prescribed at 204.7204 is included in the contract, the contracting activity shall provide an extract or a copy of the contract to the cognizant DIS office (see 204.202(c)(6)).

204.7204 Contract clause.

The contracting officer shall insert the clause at 252.204-7006 Very High Speed Integrated Circuits Technology Security Program in all solicitations and contracts involving VHSIC-sensitive information and/or program products. The contracting officer shall provide a copy of Enclosures (2) and (4) to DoDI 5230.26 to each offeror/contractor upon request.

PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

5. Section 252.204-7006 is added to read as follows:

252.204-7006 Very High Speed Integrated Circuits Technology Security Program.

As prescribed at 204.7204, insert the following clauses:

Very High Speed Integrated Circuits Technology Security Program (Jan 87)

(a) The Contractor shall comply with the applicable requirements of Enclosures (2) and (4) to DoDI 5230.26, entitled "Very High Speed Integrated Circuits (VHSIC) Technology Security Program," in effect on the date of award of this contract which is available from the contracting officer upon request.

(b) The Contractor shall allow representatives of the Defense Investigative Service (DIS) access, at all reasonable times, into its facilities for purposes of reviewing its compliance with the VHSIC safeguards applicable to this contract.

(c) The Contractor shall insert this clause, including this paragraph (c) with appropriate changes in the designation of the parties, in all subcontracts hereunder which involve VHSIC-sensitive Information and/or Program Products as defined in section 204.7201 of the Department of Defense Federal Acquisition Regulation Supplement.

(d) The Contractor shall provide a copy of any subcontract involving VHSIC to the cognizant DIS office within ten (10) days after issuance of the subcontract.

(End of clause)

[FR Doc. 87-2864 Filed 2-10-87; 8:45 am]
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DEPARTMENT OF JUSTICE

48 CFR Parts 2804, 2807 and 2812

[Justice Acquisition Circular 86-1]

Amendments to the Justice Acquisition Regulations (JAR) Regarding Advance Procurement Planning, Procurement Lead Times and Rated Orders Under the Defense Production Act of 1950

AGENCY: Justice Management Division, Office of the Procurement Executive, Justice.

ACTION: Final rule.

SUMMARY: The Justice Acquisition Regulations, Parts 2804, 2807, and 2812 are revised to implement agency requirements under DOJ order 2300.5A, Advance Procurement Planning, and to provide JAR coverage of procedures for placing rated orders. The Department's Advance Procurement Planning order contains requirements for contract file documentation. This JAR amendment will add the documentation requirements to the existing contract file checklist in JAR 2804.803-70. A requirement to provide lead times and cut-off dates for receipt of requisitions is being added as an element of the procurement planning process and to reissue in the JAR previous implementation of OFPP Policy Letter 81-1. The former implementation was contained in the DOJ Directive System. Because major organizational components in DOJ have delegated procurement authority and their own particular needs and requirements, it will be left to the Bureaus to establish the lead times and cut-off dates within the broad guidelines established in the JAR. Finally, procedures are being implemented for review and coordination of rated orders under the Defense Production Act of 1950. DOJ infrequently has requirements for rated orders, however, past experience has shown that there is a need to increase awareness of the Procurement Executive's delegated responsibility to exercise this authority on behalf of the Department. Further FAR 12.3 requires

that agencies implement procedures for obtaining rated orders.

EFFECTIVE DATE: February 11, 1987.

FOR FURTHER INFORMATION CONTACT: W.L. Vann on (202) 272-8354.

SUPPLEMENTARY INFORMATION: These revisions were not published for public comment because they do not have an effect beyond the internal operating procedures of the agency. The Director, Office of Management and Budget (OMB), by memorandum dated December 14, 1986 exempted agency procurement regulations from review under Executive Order 12291 except for selected areas. The exemption applies to this rule. The Department of Justice certifies that this document will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 60 et seq.).

List of Subjects in 48 CFR Parts 2804, 2807 and 2812

Government procurement.

Harry H. Flickinger,
Acting Assistant Attorney General for Administration.

1. The authority citation for 48 CFR Parts 2804, 2807, and 2812 continues to read as follows:

Authority: 28 U.S.C. 510; 40 U.S.C. 486 (c); 28 CFR 0.75 (j) and 0.76 (j)

PART 2804—ADMINISTRATIVE MATTERS

2804.803—70 [Amended]

2. In § 2804.803-70, in paragraphs (b)(1), (2) and (3), the entry for Tab No. 4 under "Flap B" in the IFB and RFP preaward file checklists and the entry for Tab No. 1 under "Document" in the Modifications checklist are revised to read as follows:

Tab No.	Document	In file	N/A
	Requisition with Advance Procurement Plan (APP) number.		
	Supported by a Statement of Need and APP documentation (DOJ Order 2300.5A):		
	Pertinent page from the APP (Form DOJ 528).		
	Individual Acquisition Planning Form (Form DOJ 525 or Bureau equivalent).		
	Class Acquisition Lead Time		
	Representation Statement (Form DOJ 527 or Bureau equivalent).		
	Request to postpone APP revision and FAR 6.302-2 justification and approval.		

Tab No.	Document	In file	N/A
	Written acquisition plan (Far 7.105) and supporting Major Acquisition Planning Checklist (Form DOJ 526 or Bureau equivalent).		
	Specification review by the Bureau competition advocate.		

3. In section 2804.803-70(b)(4), the Contract file award checklist is amended by adding to Flap A under "Item No." the entry "5.1 Consolidated List of Debarred, Suspended and Ineligible Contractors (FAR 9.404(c)(5))" and by adding to Flap B under "Item No." the entry "9.1 Contract Administration Approvals, e.g., approval of subcontracts, etc."

PART 2807—ACQUISITION PLANNING

4. Subpart 2807.70 is added to read as follows:

Subpart 2807.70—End-of-Year Procurements

2807.7000 Scope of subpart.

OFPP Policy Letter 81-1 requires that agencies establish lead times and firm cut-off dates for processing procurement requests that are to be obligated against expiring current year funds. The purposes of the OFPP policy are to prevent wasteful year-end spending and promote competitive contracting. The need to advise requiring activities of the lead times necessary to process a particular procurement action has become even more important with passage of the Competition in Contracting Act of 1984. This subpart provides requirements for meeting these objectives in DOJ.

2807.7001 Lead times and cut-off dates.

(a) DOJ procurement activities shall establish lead times and cut-off dates for acceptance and processing of procurement requests that require use of expiring current year funds. Procedures implemented by the procurement activities shall include:

(1) Lead times required to process procurement requests according to the method of contracting (sealed bid or competitive proposals, etc.) and type of action (new award, modification, or option). Procurement activities may further refine the lead times in accordance with their experience and types of requirements;

(2) Firm cut-off dates beyond which a procurement request will not be accepted if the requirement is to use expiring current year funds. Cut-off dates will be issued consistent with the lead times established in (a)(1) above; and

(3) A statement that failure to submit a requisition prior to the cut-off date applicable to processing a fully competitive procurement does not, in itself, establish justification for contracting by other than full and open competition.

(b) Fourth Quarter procurements.

(1) Instructions provided to Federal agencies by the Office of Management and Budget state that fourth quarter obligations should not exceed the average obligations for the first three quarters, except where seasonal requirements, essential program objectives, or lead times justify a higher level. Excessive and wasteful year-end spending can be prevented by firmly enforcing the procurement cut-off dates, the Department's Advance Procurement Planning Order, reviewing questioned procurements with procurement supervisors and appropriate program personnel and giving particular attention to fourth quarter procurement requests in areas that are particularly vulnerable to wasteful spending. In addition, chiefs of procurement activities shall ensure that their staffs are aware of OFPP Policy Letter 81-1 and the OFPP checklist for use in detecting and preventing wasteful year-end spending.

PART 2812—CONTRACT DELIVERY OR PERFORMANCE

5. Subpart 2812.3 is added to read as follows:

Subpart 2812.3—Priorities and Allocations

2812.303 Procedures

(a) The Procurement Executive, in accordance with paragraph 1.e., of the Procurement Executive Charter, issued with Attorney General Order 1085-85, is the agency official delegated authority to exercise priority authority on behalf of the Department. Any request for a priority rating on a contract or order must be submitted to the Office of the Procurement Executive in accordance with the procedures in this subpart.

(1) The requesting activity shall submit to the Procurement Executive a description of the supplies or services requiring a priority rating and a complete justification for the necessity of a rated order including the method and type of contract and the anticipated

award date. The justification must also state the level of priority rating requested and comply with the requirements of the Defense Priorities and Allocations System (OPAS) (15 CFR 350).

(2) Upon receipt the Office of the Procurement Executive shall review the request for completeness and establish appropriate liaison with the Department of Commerce (DOC), the administering agency. Depending on the nature of the requirement, the OPE may schedule a meeting with DOC officials to present the proposal. In such cases, a representative from the requiring activity may be requested to attend.

(3) DOJ activities requesting rated orders that concern classified material shall call the Procurement Executive before submitting their request to ensure appropriate transmission and handling between the requesting activity and the Office of the Procurement Executive.

[FR Doc. 87-2608 Filed 2-10-87; 8:45 am]

BILLING CODE 4410-01-M

INTERSTATE COMMERCE COMMISSION

49 CFR Part 1201

[Ex Parte No. 455*]

Revision to the Uniform System of Accounts for Railroads

AGENCY: Interstate Commerce Commission.

ACTION: Final rule.

SUMMARY: The Interstate Commerce Commission is revising the Uniform System of Accounts for Railroads (USOA) (49 CFR Part 1201, Subpart A). On June 13, 1984 the Commission served a Notice of Proposed Rulemaking (NPR) 49 FR 116, June 14, 1984 on this proceeding. By adopting these revisions, this Final rule presents an abbreviated (USOA) that satisfies Commission costing objectives while improving future carrier account text retrieval and overall usefulness. The revised system includes certain refinements to comply with generally accepted accounting principles (GAAP), revised instructions or account texts for clarity or to introduce new accounting approaches to improve reporting and a revised account presentation for operating expense accounts to simplify retrieving account text details.

EFFECTIVE DATE: January 1, 1987.

FOR FURTHER INFORMATION CONTACT: William F. Moss III, (202) 275-7510

*Initially assigned No. 39155.

SUPPLEMENTRY INFORMATION: The effective date of these rules shall be January 1, 1987 because the reporting year runs from January 1 thru December 31 of each calendar year.

Additional information is contained in the Commission's decision. To purchase a copy of the full decision, write to T.S. InfoSystems, Inc., Room 2229, Interstate Commerce Commission Building, Washington, DC 20423, or call 289-4357 (DC Metropolitan area) or toll free (800) 424-5403.

This action will not significantly affect either the quality of the human environment or energy conservation. This rule will not have a significant economic impact on a substantial number of small entities.

This revision will be submitted to the Office of Management and Budget (OMB) for review under section 3504(h) of the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35). Respondents may direct comments to OMB by addressing them to the Office of Management and Budget, Office of Information and Regulatory Affairs, Attention: Desk Officer for Interstate Commerce Commission, Washington, DC 20503.

List of Subjects in 49 CFR Part 1201

Railroads, Uniform system of accounts.

Part 1201, Subpart A of Title 49 of the Code of Federal Regulations is amended as set forth in the Appendix to this notice:

Decided: January 29, 1987.

By the Commission, Chairman Gradison, Vice Chairman Lamboley, Commissioners Sterrett, Andre, and Simmons.

Moreta R. McGee,

Secretary.

Appendix

49 CFR Part 1201, Subpart A, is amended as follows:

PART 1201—[AMENDED]

1. The authority citations following "Regulations Prescribed," "General Instructions" 1-1, 1-2, 1-10, 1-15, 1-16, 2-7, 2-12, 2-18, 2-20, 2-21, 2-23, 2-24, 4-2, 4-3, and 5-7 are removed, and the authority citation for 49 CFR Part 1201, Subpart A is revised to read as follows:

Authority: 5 U.S.C. 553 and 49 U.S.C. 11166.

2. In the Table of Contents, under the list of Instructions and Accounts, amend the property account listing by adding account 59 to read as follows:

PROPERTY ACCOUNTS

* * * * *

Equipment

* * * * *

59 Computer systems and word processing equipment.

* * * * *

3. Under Regulations Prescribed, revise (ii) *Definitions* to read as follows:

1. "Abandonment" means the withdrawal from transportation service of a branch line or other track segment or facility, representing a permanent reduction in plant.

2. "Accounts" means the accounts prescribed in this system of accounts.

3. "Actually issued" as applied to funded debt securities or capital stock issued or assumed by the company, means those which have been sold to bona fide purchasers or holders for a valuable consideration (including those issued in exchange for other securities or other property) and such purchasers or holders secured them free from control by the carriers. Also securities issued as dividends on stock.

4. "Actually outstanding" as applied to funded debt securities or capital stock issued or assumed by the carrier means those which have been actually issued and are neither retired and canceled nor reacquired and held by or for the accounting company.

5. (a) "Affiliated companies" means companies or persons that directly, or indirectly through one or more intermediaries control, or are controlled by, or are under common control with, the accounting carrier.

(b) "Control" (including the terms "controlling", "controlled by", and "under common control with") means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority of minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period dependent on the requirements of regulatory bodies, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

7. "Carrier" as used herein and when not otherwise indicated in the context means any carrier to which this system of accounts is applicable.

8. "Consolidation" means the formation of a new company. See instruction 2–15.

9. "Commission" means the Interstate Commerce Commission.

10. "Compensating balance" means the portion of any demand deposit (or any time deposit or certificate of deposit) maintained by a carrier (or by any person on behalf of the carrier) which constitutes support for existing borrowing arrangements of the carrier with a lending institution. Such arrangements include both outstanding borrowings and the assurance of future credit availability. (The compensating balance requirement should be adjusted by the amount of float unless such adjustment would cause the compensating balance to be greater than the cash balance per carrier's books.) The float adjustment is made by subtracting the float from the compensating balance requirement if the collected bank ledger balance exceeds the cash balance per carrier's books or by adding the float to the compensating balance requirement if the collected bank ledger balance is less than the cash balance per carrier's books.

(a) "Float" means deposits and withdrawals in transit which constitute a difference between the collected bank ledger balance and the cash balance per carrier's books.

11. "Cost center" refers to an organizational subdivision for which cost data are desired and for which provision is made to accumulate costs such as a terminal, yard, or track segment. A cost center may correspond to a given area of responsibility for which costs are presently accumulated for planning and control. A cost center is the smallest segment of activity or area of responsibility for which costs are accumulated and directly traceable.

12. "Cost of renewal" means the cost of additional material applied (other than the value assigned second-hand parts remaining in the rebuilt unit) plus the cost of labor used in the rebuilding process, exclusive of the portion applicable to dismantling and repair of old parts reused.

13. "Cost of removal" means cost of demolishing, dismantling, tearing down or otherwise removing property.

14. "Debt issue cost" means all costs in connection with the issuance and sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees, specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers and salespeople for marketing such evidences for debt; fees and costs of listing on exchanges; and other like costs.

15. "Discount" as applied to funded debt securities or capital stock issued or assumed by the carrier, means the excess of the par or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

16. "Equity security" encompasses any instrument representing ownership shares (e.g., common, preferred and other capital stock), or the right to acquire (e.g., warrants, rights, and call options) or dispose of (e.g., put options) ownership shares in an enterprise at fixed or determinable prices. The term does not encompass preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor, nor does it include treasury stock or convertible bonds.

(a) "Marketable," as applied to an equity security, means an equity security as to which sales prices or bid and ask prices are currently available on a national securities exchange (i.e., those registered with the Securities and Exchange Commission) or in the over-the-counter market. In the over-the-counter market, an equity security shall be considered marketable when a quotation is publicly reported by the National Association of Securities Dealers Automatic Quotations System or by the National Quotations Bureau, Inc. (provided, in the latter case, that quotations are available from at least three dealers). Equity securities traded in foreign markets shall be considered marketable when such markets are of a breadth and scope comparable to those referred to above. This definition is not met by restricted stock (securities for which sale is restricted by a governmental or contractual requirement except where such requirement terminates within one year or where the holder has the power to cause the requirement to be met within one year). Any portion of the stock which can reasonably be expected to qualify for sale within one year, such as may be the case under Rule 144 or similar rules of the Securities and Exchange Commission, is not considered restricted.

(b) "Market value" refers to the aggregate of the market price of a single share or unit times the number of shares or units of each marketable equity security in the portfolio. When an equity has taken positions involving short sales, sales of calls, and purchases of puts for marketable equity securities and the same securities are included in the portfolio, those contracts shall be taken into consideration in the determination of market value of the marketable equity securities.

(c) "Cost," as applied to a marketable equity security, refers to the original cost unless a new cost basis has been assigned based on recognition of an impairment of value that was deemed other than temporary or as the result of a transfer between current and noncurrent classifications. In such cases, the new cost basis assigned shall be considered cost.

17. (a) "Income taxes" means taxes based on income determined under provisions of the United States Internal Revenue Code and foreign, state and other taxes (including franchise taxes) based on income.

(b) "Income tax expense" means the amount of income taxes (whether or not currently payable or refundable) allocable to a period in the determination of net income.

(c) "Pretax accounting income" means income or loss for a period, exclusive of related income tax expense.

(d) "Taxable income" means the excess of revenues over deductions or the excess of deductions over revenue to be reported for income tax purposes for a period.

(e) "Timing differences" means differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income. Timing differences originate in one period and reverse or "turn around" in one or more subsequent periods. Some timing differences reduce income taxes that would otherwise be payable currently; others increase income taxes that would otherwise be payable currently.

(f) "Permanent differences" means differences between taxable income and pretax accounting income arising from transactions that, under applicable tax laws and regulations, will not be offset by corresponding differences or "turn around" in other periods.

(g) "Tax effects" means differentials in income taxes of a period attributable to (1) revenue or expense transactions which enter into the determination of pretax accounting income in one period and into the determination of taxable income in another period, (2) deductions or credits that may be carried backward or forward for income tax purposes and (3) adjustments of prior periods and direct entries to other stockholders' equity accounts which enter into the determination of taxable income in a period but which do not enter into the determination of pretax accounting income of that period. A permanent difference does not result in a "tax effect" as that term is used in this definition.

(h) "Deferred taxes" means tax effects which are deferred for allocation to income tax expense of future periods.

(i) "Interperiod tax allocation" means the process of apportioning income taxes among periods.

(j) "Tax allocation within a period" means the process of apportioning income tax expenses applicable to a given period between income before extraordinary items and extraordinary items, and of associating the income tax effects of adjustments of prior periods and direct entries to other stockholders' equity accounts with these items.

18. (a) "Investor" means a business entity that holds an investment in voting stock of another company.

(b) "Investee" means a corporation that issued voting stock held by an investor.

(c) "Corporate joint venture" is a company owned and operated as a separate and specific business or project for the mutual benefit of the members of the group. Joint facilities for purposes of this system of accounts are not considered corporate joint ventures.

(d) "Dividends" when applied to distributions received from investees unless otherwise specified, means dividends received or receivable in cash, other assets, or another class of stock and does not include stock dividends or stock splits.

(e) "Earnings or losses of an investee" and "financial position of an investee" refer to net income (or net loss) and financial position of an investee determined in accordance with generally accepted accounting principles.

(f) "Undistributed earnings of an investee" means net income less dividends declared whether received or not.

(9) "Date of acquisition" is the date on which the investor assumes the rights of ownership. Ordinarily, this is the date assets are received and other assets are given or securities issued.

19. "Joint facility" means any owned or leased carrier operating property occupied or operated jointly by the carrier and one or more other carriers, under an arrangement whereby the cost and income are apportioned to the parties to the joint agreement. Portions of a structure or other property used exclusively by each of two or more carriers are not joint facilities.

20. "Ledger value" of an account means the undepreciated or unamortized cost of acquisition of the item to the carrier, recorded in the general ledger. In case the cost of any item of property is not shown separately in the ledger, the ledger value of that item shall be its proportionate share of the value of the entire group in which the particular property is included.

21. "Merger" means the acquisition of one company by another. See instruction 2–15.

22. "Minor items of property" means the associated parts or items of which units of property are composed.

23. "Net railway operating income": Operating revenue remaining after deducting operating expenses, income taxes on ordinary income, and the provision for deferred income taxes. Also, in arriving at NROI, deduct the Income from Lease of Road and Equipment and add the Rent for Leased Road and Equipment, formerly accounts 509 and 542, respectively.

24. "Net salvage value" means salvage value of property retired less the cost of removal.

25. "Nominally issued" as applied to funded debt securities or capital stock issued or assumed by the carrier, means those which have been signed, certified by trustees, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company, but which have not been sold or issued directly to the trustees of such fund in accordance with contractual requirements.

26. "Nominally outstanding" as applied to funded debt securities or capital stock issued or assumed by the carrier, means those which, after being actually issued, have been reacquired by or for the accounting company under such circumstances which require them to be considered as held alive and not retired and canceled.

27. "Premium" as applied to funded debt securities or capital stock issued or assumed by the carrier, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no par stock) or face value and interest or dividends accrued at the date of sale.

28. "Programmed track replacements" are costs incurred as part of a track replacement program or planned expenditures. Programmed track replacements are generally performed by relatively large work gangs which, on the basis of programmed and authorized work orders, use heavy mechanized equipment to replace rail, ties and other track material. For guidance on what not to capitalize, see the notes to the text of Accounts 8, 9 and 11.

29. "Property retired" means units of property which have been removed, sold, abandoned, destroyed, or which for any cause have been permanently withdrawn from service; also minor items of property not replaced.

30. "Rail Transportation Property." Rail transportation property is all property and other assets, irrespective of ownership, that comprise the entire operating unit devoted to rail transportation service. This definition comprises the following accounts:

701 Cash
703 Special deposits
704 Loans and notes receivable
705 Accounts receivable—interline and other balances
706 Accounts receivable—customers
707 Accounts receivable—other
708.5 Receivable with affiliated companies
709 Accrued accounts receivable
710 Working funds
711 Prepayments
712 Material and supplies
713 Other current assets
714 Deferred income tax charges
731 Road and equipment property
732 Improvements on leased property

31. "Salvage value" means the amount received from the sale of operating property retired less any expenses in connection with the sale or in preparing the property for sale. If the property is retained for reuse, the salvage value shall be recorded in account 712, Materials and Supplies, or other appropriate account at an amount not to exceed its recorded cost (actual or average), or current market value, whichever is lower.

32. "Segment of a business" refers to a component of an entity whose activities represent a separate major line of business or class of customer. A segment may be in the form of a subsidiary, a division, or a department, and in some cases a joint venture or other non-subsidiary investee, provided that its assets, results of operations, and activities can be clearly distinguished, physically and operationally and for financial reporting purposes, from the other assets, results of operations, and activities of the entity. The fact that the results of operations of the segment being sold or abandoned cannot be separately identified strongly suggests that the transaction should not be classified as a disposal of a segment of business.

(a) "Measurement date" means the date on which the management having authority to approve the action commits itself to a formal plan to dispose of a segment of the business, whether by abandonment or sale. The measurement date for disposals requiring Commission approval shall be the service date of the Order authorizing the disposal.

(b) "Disposal date" refers to the date of closing the sale, if the disposal is by sale or the date that operations cease if the disposal is by abandonment.

33. "Service life" means the period between the date when operating property is placed in service and the date of its retirement.

34. "Service value" means the ledger value of operating property less its salvage value (see definition 17).

35. "Track maintenance" is material and labor costs of routine track repairs such as sporadic tie replacement, repair of broken rails, tightening track bolts and track spikes. A more complete list of maintenance items are included in notes to the text of Accounts 8, 9 and 11.

36. "Work equipment" means equipment which can be coupled in a train for movement over the carrier's tracks, and which is used in the carrier's work service. See equipment listing for account 57, "Work equipment".

4. Under **General Instructions:**

a. Revise Instruction 1-2(d)(5), Accounting Changes, to read as follows:

1-2 *Classification of accounts.*

* * * * *

(d) * * *

(5) *Accounting Changes.* Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. In contrast, a change in an accounting estimate results from new information or subsequent developments and from better insight or judgment. Correction of an error should be accomplished through a prior period adjustment [See Instruction 1-2(d)(4)]. Changes in an accounting estimate should be accounted for in the period of change (and future period if the change affects both)(See Instruction 1-7). A change in an accounting principle or accounting entity should be referred to this Commission for approval. The cumulative effect of a change in accounting principle should ordinarily be reflected in the account provided for in determining net income.

* * * * *

b. Add paragraph (9) to Instruction 1-3, Records, to read as follows:

1-3 *Records*

* * * * *

(g) Regulations and instructions governing the recording of changes in physical property for Class I railroads are detailed in Part 1262 of this chapter.

c. Revise the heading and text of Instruction 1-7, Delayed Items, to read as follows:

1-7 *Changes in accounting estimates.* Changes in accounting estimate arising during the current year which are applicable to prior years shall be included in the same account which would have been charged or credited if the item had been taken up or the adjustment made in the year to which it pertained. [See Instruction 1-2(d)(5) for Accounting Changes].

d. Revise the heading and text of Instruction 1-8, Distribution of Expenses for Material, Tools, Fuel, Lubricants, Purchased Services and General, to read:

1-8 *Accounting for computer systems and word processing costs.* (a) Capitalized costs for computer systems and word processing equipment shall be charged to property account 59, when such costs are not dedicated to a particular function (See Account 59). Related depreciation expenses for capitalized costs shall be charged to account 62-23-00, Depreciation, Other Equipment.

(b) Repair and maintenance costs related to computer systems and word processing equipment shall be charged to function 46 of the Other equipment subactivity by appropriate natural expense (labor, material, purchased services, other). Repairs performed by an outside company shall be charged to operating expense account 39-23-46.

(c) Operating costs related to computer systems and word processing equipment shall be charged to function 87, Management services and data and word processing, when the equipment benefits more than one activity. When the equipment benefits one activity only, such operating costs shall be charged to the activity/function benefited.

e. Add Instruction 1-17, Disclosure Guideline, to read as follows:

1-17 *Disclosure guideline.* In addition to the accounting policies presented in these regulations, all disclosures relating to APB Opinions and FASB Statements adopted by the Commission are required.

5. Under **Instructions for Property Accounts:**

a. Revise Instruction 2-1 to read as follows:

2-1 *Items to be charged.* (a) To the road and equipment property accounts shall be charged the cost of purchasing land, the cost of purchasing and constructing buildings, facilities and equipment, and the cost of additions and betterments to property. "Cost" means the amount of cash disbursed, or the fair value of other assets distributed, or the present value of amounts to be paid. Where the fair market value of resources given up (assets, services or items of stockholder's equity) is not clearly determinable, the cost may be determined by the fair market value of the resources acquired. The carrier shall be prepared to furnish the Commission with the particulars of its method of determining cash value when the consideration is other than monetary. The amount of liabilities incurred with suppliers in the normal course of business, which are due in customary trade terms not exceeding approximately one year, shall be recorded at the maturity value. Acquisition date is the date title passes to the carrier.

(b) The cost of road and equipment purchased under a plan involving other deferred payments (debt or capital lease) shall be recorded at the discounted present value of the payment, net of executory costs such as insurance, maintenance, and taxes. The interest rate used to discount the payments should be the prevailing market rate for similar debt instruments of issues with similar credit ratings. In any event, the rate used for valuation purposes will normally be at least equal to the rate at which the carrier can obtain financing of a similar nature from other sources at the date of the transaction (the carrier's incremental borrowing rate). In the case of a capital lease, when it is practical to ascertain the implicit rate computed by the lessor, and that rate is less than the carrier's incremental borrowing rate, the carrier should use the implicit rate. Acquisition date for a capital lease is the date the lease agreement is signed. If the property covered by the lease has yet to be constructed or has not been acquired by the lessor at the date the lease agreement or commitment is signed, the acquisition date shall be the date the property under construction is completed or the date the property not yet acquired is acquired by the lessor. (See Instruction 2-20.)

(c) Where actually incurred, interest cost is to be added to the cost of road and equipment deemed "qualifying assets" during the period of time required to get them ready for their intended use (acquisition period). "Qualifying assets" are those that are (1) either constructed or otherwise produced for a carrier's own use (including assets constructed or produced for the carrier by others for which deposits or progress payments have been made) or (2) assets intended for sale or lease that are constructed or otherwise produced as discrete projects. The amount of interest to be capitalized for qualifying assets shall be based upon the average amount of accumulated expenditures for the asset during the acquisition period at the rate used on specific new borrowings associated with the qualifying asset. If average accumulated expenditures for the asset exceed the amount of specific new borrowings associated with the asset, the rate to be applied to such excess shall be a weighted average of the rates applicable to other borrowings of the enterprise. The total amount of interest cost capitalized in an accounting period shall not exceed the total amount of interest cost incurred by the enterprise during that period.

(d) Suitable records shall be maintained showing expenditures during the year for original road and equipment and road extensions; for merger and purchase of existing lines and reorganizations; for additions and betterments; and credits for property retirement.

(e) When the carrier exchanges road and equipment for other road and equipment with no other consideration involved, the road and equipment received shall be recorded at the ledger value of the road and equipment relinquished. Where the carrier receives a monetary consideration in the exchange, the carrier shall recognize gain on the exchange to the extent that the consideration received exceeds a proportionate share of the recorded cost of the road and equipment surrendered. The portion of the cost applicable to the realized amount shall be based on the ratio of the monetary consideration to the total consideration received (monetary consideration plus the estimate fair value of the road and equipment received) or, if more clearly evident, the fair value of the road and equipment transferred. Where the carrier pays a monetary consideration in the exchange, it shall not recognize any gain on the transaction but shall record the road and equipment received at the amount of the monetary consideration paid plus the recorded costs of the road and equipment surrendered. If a loss is indicated by the terms of an exchange transaction, the carrier shall recognize the entire loss on the exchange. Immaterial gains and losses on these exchanges shall be included in account 519, Miscellaneous Income, or 551, Miscellaneous Income Charges, as appropriate. Material amounts shall be recorded in accordance with Instruction 1-2(d).

b. Remove Instruction 2-3(b) and reserve it for future use.

c. Add paragraph (k) to Instruction 2-6 to read as follows:

2-6 *Components of construction cost.*

* * * * *

(k) *Interest cost.* [See Instruction 2-1(c)].

d. Redesignate Accounts 3, Grading through Account 58, Miscellaneous Equipment, from instruction 2-20, to follow instruction 2-19.

e. Amend instruction 2-19, List of Units of Property, by adding Account 59, to follow Account 58, to read as follows:

2-19 *List of units of property.*

* * * * *

Account 59, Computer Systems and Word Processing Equipment

A Mainframe
A Mini-computer
A Word processing system
A Printer
A Monitor
A Modem
A Storage device

f. Revise paragraph (d) of Instruction 2-20 to read as follows:

2-20 *Accounting for leases.*

* * * * *

(d) Leased assets that meet the criteria for classification as a capital lease shall be subject to depreciation over their useful lives in the same manner as assets owned. If the capital lease meets the criteria of either Instruction 2-20(a)(1) or 2-20(a)(2), the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy for owned assets. If the lease does not meet either of these two 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.

* * * * *

g. Revise Note A which follows paragraph (f) of Instruction 2-21 to read as follows:

2-21 *Freight train car repair costing.*

* * * * *

(f) * * *

Note A.—The following accounts and reference pertain to the freight train car repair process:

11-22-42
21-22-42
39-22-42
40-22-42
41-22-42
61-22-42

Instruction 2-12, "Units of property rebuilt or converted".

6. Under **Instructions for Maintenance Expenses:**

a. Add paragraph (d) to Instruction 3-1, Items to be Charged, to read as follows:

3-1 *Items to be charged.*

* * * * *

(d) An employee's job classification shall not govern the accounting for work performed. Charges to a particular expense function shall be based on the nature of the work performed.

7. Under **Intructions for Depreciation Accounts:**

a. Revise Instruction 4-1(c) to read as follows:

4-1 *Method.*

* * * * *

(c) For the purpose of the group plan of depreciation accounting, the following primary accounts are classed as depreciable accounts:

Road accounts:
- 3. Grading.
- 4. Other right-of-way expenditures.
- 5. Tunnels and subways.
- 6. Bridges, trestles and culverts.
- 7. Elevated structures.
- 8. Ties.
- 9. Rails and other track material.
- 11. Ballast.
- 13. Fences, snowsheds, and signs.
- 16. Station and office buildings.
- 17. Roadway buildings.
- 18. Water stations.
- 19. Fuel stations.
- 20. Shops and enginehouses.
- 22. Storage warehouses.
- 23. Wharves and docks.
- 24. Coal and ore wharves.
- 25. TOFC/COFC terminals.
- 26. Communication systems.
- 27. Signals and interlockers.
- 29. Power plants.
- 31. Power transmission systems.
- 35. Miscellaneous structures.
- 37. Roadway machines.
- 39. Public improvements-construction.
- 44. Shop machinery.
- 45. Power plant machinery.

Equipment accounts:
- 52. Locomotives.
- 53. Freight-train cars.
- 54. Passenger-train cars.
- 55. Highway revenue equipment.
- 56. Floating equipment.
- 57. Work equipment.
- 58. Miscellaneous equipment.
- 59. Computer systems and word processing equipment.

8. Under **Instructions for Income and Balance Sheet Accounts:**

a. Amend Instruction 5-3, Discounts, Expenses, and Premiums on Debt, by adding the following sentence to the end of paragraph (b):

5-3 *Discounts, expenses, and premiums on debt.* * * * (b) * * * The method of apportioning debt discount, issue costs, and premium to accounts 517 and 548 shall be the "interest method," where the effective interest rate on the date of issuance is applied to the carrying value (debt, less related discount, and issue cost, plus related premium of each specific issue to the beginning of any given period.) However, other methods of amortization may be used if the results obtained are not materially different from those which would result from the interest method.

* * * * *

b. Revise the heading and text of Instruction 5–6, Contingent Assets and Liabilities, to read as follows:

5–6 *Contingencies.* (a) The proper accounting treatment for contingencies depends upon whether the contingency is: *Probable:* the event or events are likely to occur; *Reasonably possible:* the chance of occurrence of the future event or events is more than remote, but less than likely; or *Remote:* the chance of occurrence of the future event or events is slight.

(b) Loss contingencies must be accrued when they are probable and the amount of loss can be reasonably estimated. Where they are only reasonably possible, only footnote disclosure is required. Where they are remote, footnote disclosure is not required, but is permitted.

(c) Gain contingencies usually are not reflected in the accounts since to do so might be to recognize revenue prior to its realization. Adequate disclosure shall be made of contingencies that might result in gain, but care shall be exercised to avoid misleading implications as to the likelihood of realization.

9. Under **Property Accounts:**

a. Revise Note B of Account 9, Rails and other track material to read as follows:

9 Rails and other track material.

* * * * *

Note B.—The following activities are considered as maintenance and should be expensed accordingly.

- Rail flaw detection
- Track inspection
- Shifting of existing track
- Removing weeds in track
- Transposing rail
- Restoring chipped and battered rail ends by welding and/or by rail grinding train or other such equipment.
- Gauging track
- Loading scrap track materials
- Lubricating rail
- Tightening bolts
- Resetting spikes and rail anchors in existing track
- Any other maintenance work not involving the placement of track material

b. Remove the word "Computers" from the list of "Station and Office Structures and Details" in Account 16, Station and Office Buildings.

c. Revise Notes B and C of Account 27, Signals and interlockers to read as follows:

27 Signals and interlockers.

* * * * *

Note B.—The cost of track material, such as switches, special rail braces, special roads, special track fastenings, split rails, derails, derail stands, and frogs, used in connection with interlockers, shall be included in account 9, "Rail and other track material."

Note C.—When derails are arranged so as to be thrown from switch stands, the cost of labor expended in the installation of the connections between the switch stand and derail and the devices for throwing the derail shall be included in account 9, "Rail and other track material." The cost of the material shall be included in account 9, "Rail and other track material."

* * * * *

d. Revise Note E of Account 39, Public Improvements; Construction, to read as follows:

39 Public improvements; construction.

* * * * *

Note E.—Interest imposed for failure to pay assessments within the allocated time shall be charged to Account 547, Interest on unfunded debt. Any related penalties shall be charged to Account 551, Miscellaneous income charges.

* * * * *

e. Under the Equipment heading, after the text of account 58, Miscellaneous Equipment, add Account 59, Computer Systems and Word Processing Equipment, to read as follows:

59 Computer systems and word processing equipment.

This account shall include the cost of mainframe and mini-computers and data processing equipment as well as the cost of word processing equipment that is not dedicated to a particular function. Essentially this account consists of all computer-related equipment that remains under the control of the data processing department. This account shall also include the cost of foundations, power supply, fixtures, appurtenances and other devices to prepare this equipment for use.

Items

Mainframes, Mini-computers, Word processing systems, Printers, Monitors, Modems, Storage devices.

Note A.—The cost of micro computers, data processing equipment, and word processing equipment which are an integral part of and essential to the operation of a separate facility shall be charged to the appropriate property account for that facility.

Note B.—Carriers desiring to adopt other methods of accounting for computers and word processing equipment that are considered more suitable for their operational structure shall submit justification and supporting documents to the Commission for consideration and decision.

10. Under **Railway Operating Revenue Accounts**, amend Account 100, Transportation; Rail Line, by adding the following as the concluding sentence:

100 Transportation; rail line.

* * * The detail accounts include in this general account series are summarized in account 501, Railway Operating Revenues.

11. Remove the tables Coding Structure or Railway Operating Expense Accounts, Function Code Use—Way and Structures, Function Code Use—Equipment, Function Code Use—Transportation and Function Code Use—General and Administrative, which follow Railway Operating Revenue Accounts.

12. Revise the text of Operating Expense Account Explanations to read as follows:

OPERATING EXPENSE ACCOUNTS

Instruction

(1) The operating expense accounts use a six-digit code. The first two digits denote natural expense, the second two digits denote activity/subactivity, and the third two digits denote detailed functions. [See Table A for an overview of the coding structure and Tables B–E for detailed functions.]

(2) The operating expense account explanations use a three-tier format. Section 1 contains natural expense explanations with applicable activity/subactivity and function assignment. Section 2 details the activity/subactivity explanations. Section 3 explains the functions appropriate for each activity/subactivity. To obtain a complete explanation for a particular account, refer to section 1 to locate the natural expense and activity/subactivity (first four digits) and read the appropriate account text. Accounts that are assigned to functions are appropriately listed. For further information, refer to section 2 and section 3.

(3) All accounts listed in Table A and section 1 are for freight only. Refer to Table F for applicable passenger or common account codes. Account numbers designated with an asterisk in section 1 denote freight only accounts, while other accounts are used for both freight and passenger or common accounts.

(4) All expense assigned to common operating accounts shall be allocated to freight and passenger accounts in accordance with Part 1242 of this chapter.

TABLE. A—CODING STRUCTURE FOR RAILWAY OPERATING EXPENSE ACCOUNTS [1]

	XX-00	Way and structures XX-10			Equipment XX-20			Transportation XX-30, 40, 50					XX-60
	Control	Running	Switching	Other	Locomotive	Freight cars	Other equipment	Train	Yard	Train and yard common	Specialized SVDS	Administrative support	General and administrative
Freight [2]	XX-00	XX-11	XX-12	XX-13	XX-21	XX-22	XX-23	XX-31	XX-32	XX-33	XX-34	XX-35	XX-61
Personnel	10-00												
Salaries and wages	11-00	[3] 11-11	[3] 11-12	[3] 11-13	[3] 11-21	[3] 11-22	11-23	[3] 11-31	[3] 11-32	[3] 11-33	[3] 11-34	[3] 11-35	[3] 11-61
Fringe benefits	12-00	12-11	12-12	12-13	12-21	12-22	12-23	12-31	12-32	12-33	12-34	12-35	12-61
Materiel	20-00												
Materiel, tools, supp, fuel, lubricants	21-00	[3] 21-11	[3] 21-12	[3] 21-13	[3] 21-21	[3] 21-22	[3] 21-23	[3] 21-31	[3] 21-32	[3] 21-33	[3] 21-34	[3] 21-35	[3] 21-61
Purchased services	30-00												
Lease rentals—DR	31-00	31-11	31-12	31-13	31-21	31-22	31-23						
Lease rentals—CR	32-00	32-11	32-12	32-13	32-21	32-22	32-23						
Jt. Fac. Rent—DR	33-00	33-11	33-12	33-13	33-21	33-22	33-23						
Jt. Fac. Rent—CR	34-00	34-11	34-12	34-13	34-21	34-22	34-23						
Other rents—DR	35-00	35-11	35-12	35-13	35-21	35-22	35-23						
Other rents—CR	36-00	36-11	36-12	36-13	36-21	36-22	36-23						
Jt. facility—DR	37-00	37-11	37-12	37-13	37-21	37-22	37-23	37-31	37-32		37-34	37-35	37-61
Jt. facility—CR	38-00	38-11	38-12	38-13	38-21	38-22	38-23	38-31	38-32		38-34	38-35	38-61
Repairs billed by others—DR	39-00	[3] 39-11	[3] 39-12	[3] 39-13	[3] 39-21	[3] 39-22	[3] 39-23						
Repairs billed to others—CR	40-00	[3] 40-11	[3] 40-12	[3] 40-13	[3] 40-21	[3] 40-22	[3] 40-23						
Other purchase services	41-00	[3] 41-11	[3] 41-12	[3] 41-13	[3] 41-21	[3] 41-22	[3] 41-23	[3] 41-31	[3] 41-32	[3] 41-33	[3] 41-34	[3] 41-35	[3] 41-61
Claims and insurance	50-00												
Loss damage claims	51-00							51-31	51-32	51-33	51-34		
Other casualties	52-00	52-11	52-12	52-13	52-21	52-22	52-23	52-31	52-32		52-34	52-35	52-61
Insurance	53-00	53-11	53-12	53-13	53-21	53-22	53-23	53-31	53-32		53-34	53-35	53-61
General	60-00												
Other expenses	61-00	[3] 61-11	[3] 61-12	[3] 61-13	[3] 61-21	[3] 61-22	[3] 61-23	[3] 61-31	[3] 61-32		[3] 61-34	[3] 61-35	[3] 61-61
Depreciation	62-00	62-11	62-12	62-13	62-21	62-22	62-23						
Uncollectible account	63-00												63-61
Property taxes	64-00												64-61

[1] Each operating expense account has a six-digit code divided into three two-digit groups. The first two-digit group denotes the natural expense [see control column], the second group denotes the activity/subactivity for freight, passenger or common service [see Table F]; and the third group signifies applicable function assignment [see Tables B, C, D & E].

[2] The account numbers shown on this matrix are for freight only. The account numbers for passenger and common are derived by applying the natural expense code (first two digits) to the activity codes shown in Table F. Natural expenses are used only in the same activities as shown for freight.

[3] Expenses shall be reported by applicable functions [see account text].

Table B.—Function Code Use—Way and Structures

Code	Functions	Running			Switching			Other		
		[1] F	P	C	F	P	C	F	P	C
	ADMINISTRATION									
02	Track							X	X	X
03	Bridges and buildings							X	X	X
04	Signals							X	X	X
05	Communications							X	X	X
06	Other							X	X	X
	REPAIRS AND MAINTENANCE									
10	Roadway	X	X	X	X	X	X			
11	Tunnels and subways	X	X	X	X	X	X			
12	Bridges and culverts	X	X	X	X	X	X			
13	Ties	X	X	X	X	X	X			
14	Rails and other track material	X	X	X	X	X	X			
16	Ballast	X	X	X	X	X	X			
19	Signals and interlockers	X	X	X	X	X	X			
20	Communication systems							X	X	X
21	Power systems							X	X	X
22	Highway grade crossings	X	X	X	X	X	X			
23	Station and office buildings							X	X	X

Table B.—Function Code Use—Way and Structures—Continued

Code	Functions	Running			Switching			Other		
		[1]F	P	C	F	P	C	F	P	C
24	Shop bldgs.—Locomotives							X	X	X
25	Shop bldgs.—Freight cars							X		
26	Shop bldgs.—Other equipment							X	X	X
27	Locomotive servicing facilities							X	X	X
28	Misc. buildings and structures							X	X	X
29	Coal terminals							X		
30	Ore terminals							X		
31	TOFC/COFC terminals							X		
32	Other marine terminals							X		
33	Motor vehicle loading and distribution facilities							X		
35	Facilities—Other specialized services operations							X		
36	Roadway machines							X	X	X
37	Small tools and supplies							X	X	X
38	Snow removal							X	X	X
39	Dismantling retired property	X	X	X	X	X	X	X	X	X
48	Road property damaged	X	X	X	X	X	X	X	X	X
	OTHER									
99	Other	X	X	X	X	X	X	X	X	X

[1] F—Freight; P—Passenger; C—Common.

TABLE C.—FUNCTION CODE USE—EQUIPMENT

Code	Functions	Locomotives			Freight Cars			Other Equipment		
		[1]F	P	C	F	P	C	F	P	C
	ADMINISTRATION									
01	Administration	X	X	X	X			X	X	X
	REPAIR AND MAINTENANCE									
39	Dismantling retired property	X	X	X	X			X	X	X
41	Locomotives	X	X	X						
42	Freight cars				X					
43	Trucks, trailers, containers in revenue service							X		
44	Floating equipment in revenue service							X		
45	Passenger and other revenue equipment							X	X	X
46	Computer systems and word processing equipment							X	X	X
47	Work and other nonrevenue equipment							X	X	X
48	Equipment damaged	X	X	X	X			X	X	X
49	Shop machinery—locomotives							X	X	X
50	Shop machinery—freight cars							X	X	X
51	Shop machinery—other equipment							X	X	X
99	Other	X	X	X	X			X	X	X

[1] F—Freight; P—Passenger; C—Common.

TABLE D.—FUNCTION CODE USE—TRANSPORTATION

Code		Train			Yard			Train and yard common			Specialized services			Administrative support		
		*F	P	C	F	P	C	F	P	C	F	P	C	F	P	C
	ADMINISTRATION															
01		X	X	X	X	X	X				X			X	X	X
	OPERATIONS															
56	Engine	X	X	X												
57	Train crews	X	X	X												
58	Dispatching trains	X	X	X												
59	Operating switches, signals, interlockers, retarders, humps	X	X	X	X	X	X									
60	Operating drawbridges	X	X	X												

TABLE D.—FUNCTION CODE USE—TRANSPORTATION—Continued

Code		Train			Yard			Train and yard common			Specialized services			Administrative support		
		*F	P	C	F	P	C	F	P	C	F	P	C	F	P	C
61	Highway crossing protection	X	X	X												
62	Train inspection and lubrication	X	X	X												
63	Clearing wrecks	X	X	X	X	X	X									
64	Switch crews				X	X	X									
65	Controlling operations				X	X	X									
66	Yard and terminal clerical				X	X	X									
67	Locomotive fuel	X	X	X	X	X	X									
68	Power purchased/produced for motive power	X	X	X	X	X	X									
69	Servicing locomotives	X	X	X	X	X	X									
70	Cleaning car interior							X	X	X						
71	Adjusting, transferring loads							X								
72	Car loading devices and grain doors							X								
73	Pick up and delivery, marine haul, rail substitute service										X					
74	Loading, unloading, local marine										X					
75	Protective services										X					
76	Clerks and accounting employees													X	X	X
77	Communications systems operations													X	X	X
78	Loss and damage claims processing													X	X	X
	OTHER															
99	Other	X	X	X	X	X	X				X			X	X	X

Table E.—Functional Code Use—General and Administrative

Code	Functions	Freight	Passenger	Common
	ADMINISTRATION			
	Administration	X	X	X
	GENERAL			
86	Accounting, auditing, finance	X	X	X
87	Management services and data and word processing	X	X	X
88	Marketing	X	X	X
89	Sales	X	X	X
90	Industrial development	X		
91	Personnel, labor relations	X	X	X
92	Legal and secretarial	X	X	X
93	Public relations and advertising	X	X	X
94	Research and development	X	X	X
	OTHER			
99	Other	X	X	X

TABLE F.—ACTIVITY/SUBACTIVITY CODE USE

Activity/subactivity	Freight	Code passenger	Common
Way and structures:			
Running	11	14	17
Switching	12	15	18
Other	13	16	19
Equipment:			
Locomotives	21	24	26
Freight cars	22	N/A	N/A
Other	23	25	27
Transportation:			
Train	31	41	51
Yard	32	42	52
Train and yard common	33	43	53
Specialized services	34	N/A	N/A
Administrative support	35	45	55
General and administrative	61	62	63

OPERATING EXPENSE ACCOUNTS

*Section 1—Natural Expense Explanations**

Personnel

Control—10–00–00

This account may be used as a control account for all accounts in the Personnel Series: Salaries and Wages. Fringe Benefits Not Included in Compensation.

Salaries and Wages—Control 11–00–00

This account series includes the compensation payable to employees for services performed. It includes amounts payable in connection with profit sharing and stock option plans that are part of employee compensation. This account series also includes amounts of compensation payable to employees for paid time off as a fringe benefit: Vacation pay, holiday pay, sick pay, and other payments considered direct compensation for time not worked. Amounts of labor billed by contractors, other companies, and joint facilities, are not considered salaries and wages of the carrier company and are not to be included in this account group. Its components shall be distributed to the following accounts in accordance with Instruction 1–12.

Salaries and Wages—Way and Structures—Running—11–11–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's roadway and track on the line of road and outside of classification yards. Compensation payable to officers and technical and clerical employees shall only be assigned to Way and Structures—Other. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	11–11–10
Tunnels and Subways	11–11–11
Bridges and Culverts	11–11–12
Ties	11–11–13
Rails and Other Track Material	11–11–14
Ballast	11–11–16
Signals and Interlockers	11–11–19
Highway Grade Crossings	11–11–22
Dismantling Retired Property	11–11–39
Road Property and Equipment Damaged	11–11–48
Other—Other	11–11–99

Salaries and Wages—Way and Structures—Switching—11–12–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's roadway and track within classification yards and stations. Compensation payable to officers and technical and clerical employees shall be assigned to Way and Structures—Other. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	11–12–10
Tunnels and Subways	11–12–11
Bridges and Culverts	11–12–12
Ties	11–12–13
Rails and Other Track Material	11–12–14
Ballast	11–12–16
Signals and Interlockers	11–12–19
Highway Grade Crossings	11–12–22
Dismantling Retired Property	11–12–39
Road Property and Equipment Damaged	11–12–48
Other—Other	11–12–99

Salaries and Wages—Way and Structures—Other—11–13–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's structures other than roadway and track. Each administration account (functions 02–06) includes the compensation payable to all officers and technical and clerical employees associated with the Way and Structures Activity. This account shall be subdivided by the following functions:

Administration:	
Track	11–13–02
Bridges and Buildings	11–13–03
Signals	11–13–04
Communications	11–13–05
Other	11–13–06
Repair and Maintenance:	
Communication Systems	11–13–20
Power Systems	11–13–21
Station and Office Buildings	11–13–23
Shop Buildings—Locomotives	11–13–24
Shop Buildings—Freight Cars	*11–13–25
Shop Buildings—Other	11–13–26
Locomotive Servicing Facilities	11–13–27
Miscellaneous Buildings and Structures	*11–13–28
Coal Terminals	*11–13–29
Ore Terminals	*11–13–30
TOFC/COFC Terminals	*11–13–31
Other Marine Terminals	*11–13–32
Motor Vehicle Loading and Distribution Facilities	*11–13–33
Facilities for Other Specialized Services Operations	*11–13–35
Roadway Machines	11–13–36
Snow Removal	11–13–38
Dismantling Retired Property	11–13–39
Road Property and Equipment Damaged	11–13–48
Other—Other	11–13–99

Salaries and Wages—Equipment—Locomotives—11–21–XX

This account includes the compensation payable to all officers and technical and clerical employees, repair and maintenance employees, and others who are associated with the repair and maintenance of locomotives, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	11–21–01
Repair and Maintenance:	
Dismantling Retired Property	11–21–39
Locomotives	11–21–41
Road Property and Equipment Damaged	11–21–48
Other—Other	11–21–99

Salaries and Wages—Equipment—Freight Cars—11–22–XX*

This account includes the compensation payable to all officers, technical and clerical employees, repair and maintenance employees, and others, who are associated with the repair and maintenance of freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	11–22–01
Repair and Maintenance:	
Dismantling Retired Property	11–22–39
Freight Cars	11–22–42
Road Property and Equipment Damaged	11–22–48
Other—Other	11–22–99

Salaries and Wages—Equipment—Other Equipment—11-23-XX

This account includes the compensation payable to all officers, technical and clerical employees, repair and maintenance employees, and others, who are associated with the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	11-23-01
Repair and Maintenance:	
Dismantling Retired Property	11-23-39
Trucks, Trailers, Containers in Revenue Service	*11-23-43
Floating Equipment—Revenue Service	*11-23-44
Passenger and Other Revenue Service	11-23-45
Work and Other Non-Revenue Equipment	11-23-47
Road Property and Equipment Damaged	11-23-48
Shop Machinery—Locomotives	11-23-49
Shop Machinery—Other Equipment	11-23-51
Other—Other	11-23-99

Salaries and Wages—Transportation—Train—11-31-XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with the dispatching and operation of freight trains over the roadway and outside of classification yards. This account shall be subdivided by the following functions:

Administration—General	11-31-01
Operations:	
Engine Crews	11-31-56
Train Crews	11-31-57
Dispatching Trains	11-31-58
Operating Switches, Signals, Interlockers, Retarders, Humps	11-31-59
Operating Drawbridges	11-31-60
Highway Crossing Protection	11-31-61
Train Inspection and Lubrication	11-31-62
Clearing Wrecks	11-31-63
Locomotive Fuel	11-31-67
Electric Power Purchased/Produced for Motive Power	11-31-68
Servicing Locomotives	11-31-69
Other—Other	11-31-99

Salaries and Wages—Transportation—Yard—11-32-XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with the movement of freight cars within classification yards and in terminal switching and transfer service. This account shall be subdivided by the following functions:

Administration—General	11-32-01
Operations:	
Operating Switches, Signals, Interlockers, Retarders, Humps	11-32-59
Clearing Wrecks	11-32-63
Switch Crews	11-32-64
Controlling Operations	11-32-65
Yard and Terminal Clerical	11-32-66
Locomotive Fuel	11-32-67
Electric Power Purchased/Produced for Motive Power	11-32-68
Servicing Locomotives	11-32-69
Other—Other	11-32-99

Salaries and Wages—Transportation—Train and Yard—Common—11-33-XX

This account includes the compensation payable to all officers, performing functions incurred on behalf of both train and yard operations. This account shall be subdivided by the following functions:

Operations:	
Cleaning Car Interiors	11-33-70
Adjusting and Transferring Loads	*11-33-71
Car Loading Devices and Grain Doors	*11-33-72

Salaries and Wages—Transportation—Specialized Services—11-34-XX*

This account includes the compensation payable to all officers, technical and clerical employees, and other operational employees who are associated with operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Commission appear within the explanation of activities/subactivities. This account shall be subdivided by the following functions:

Administration—General	11-34-01
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	11-34-73
Loading, Unloading, and Local Marine	11-34-74
Protective Services	11-34-75
Other—Other	11-34-99

Salaries and Wages—Transportation—Administrative Support—11-35-XX

This account includes the compensation payable to all officers, are associated with providing direct administrative support for the Transportation Activity. For further clarification refer to the explanation of the Administrative Support Operations Subactivity. Each account shall be subdivided by the following functions:

Administration—General	11-35-01
Operations:	
Clerical and Accounting Employees	11-35-76
Communication Systems Operations	11-35-77
Loss and Damage Claims Processing	11-35-78
Other—Other	11-35-99

Salaries and Wages—General and Administrative—11-61-XX

This account includes the compensation payable to all employees who are associated with overall administration or other general support for carrier operations. Overall administration includes executive, legal, financial, treasury, accounting, budgeting, taxation, corporate planning, costing, marketing, advertising, traffic, corporate secretary, public relations, real estate, insurance administration, personnel administration, pension plan administration, general purchasing, labor relations, internal auditing, industrial engineering, and regulatory reporting. For further clarification refer to the explanation of the General and Administrative Activity. This account shall be subdivided by the following functions:

Administration—General	11-61-01
General:	
Accounting, Auditing, Finance	11-61-86
Marketing	11-61-88
Sales	11-61-89
Industrial Development	*11-61-90
Personnel and Labor Relations	11-61-91
Legal and Secretarial	11-61-92
Public Relations and Advertising	11-61-93
Research and Development	11-61-94
Other—Other	11-61-99

Fringe Benefits Not Included in Compensation—Control—12-00-00

This account series includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation. These benefits include the carrier portions of Railroad Retirement contributions, pension expense, unemployment taxes, dental plans, health plans, hospitalization insurance, life insurance, subsidies for employee lunchrooms, company entertainment facilities for personal use, and other benefits to employees that are not includible in direct compensation. They exclude travel expense on company business, casualties, workmen's compensation, as well as dues, memberships, and similar items when the direct beneficiary is clearly the company rather than the employee.

Fringe Benefits Not Included in Compensation—Way and Structures—Running	12-11-00

Fringe Benefits Not Included in Compensation—Way and Structures—Switching	12-12-00
Fringe Benefits Not Included in Compensation—Way and Structures—Other	12-13-00
Fringe Benefits Not Included in Compensation—Equipment Locomotives	12-21-00
Fringe Benefits Not Included in Compensation—Equipment—Freight Cars	*12-22-00
Fringe Benefits Not Included in Compensation—Equipment—Other Equipment	12-23-00
Fringe Benefits Not Included in Compensation—Transportation— Train	12-31-00
Fringe Benefits Not Included in Compensation—Transportation— Yard	12-32-00
Fringe Benefits Not Included in Compensation—Transportation— Train and Yard Common	12-33-00
Fringe Benefits Not Included in Compensation—Transportation— Specialized Services	12-34-00
Fringe Benefits Not Included in Compensation—Transportation—Administrative Support	12-35-00
Fringe Benefits Not Included in Compensation—General and Administrative	12-61-00

Materiel Control—20-00-00

This account may be used as a control account for the Materiel series: Materials, Tools, Supplies, Fuels, Lubricants.

Materials, Tools, Supplies, Fuels, Lubricants—Control—21-00-00

This account group includes the cost of items installed or commodities consumed which are charged to expense in connection with carrier operations. This account group includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. This account group excludes purchased services such as utilities, communications, postage and other items of similar nature. Its components shall be distributed to the following accounts:

Materials, Tools, Supplies, Fuels, Lubricants—Way and Structures—Running—21-11-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's roadway and track on the line of the road and outside of classification yards. Each account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials, and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Repair and Maintenance:	
Roadway	21-11-10
Tunnels and Subways	21-11-11
Bridges and Culverts	21-11-12
Ties	21-11-13
Rails and Other Track Material	21-11-14
Ballast	21-11-16
Signals and Interlockers	21-11-19
Dismantling Retired Property	21-11-39
Road Property and Equipment Damaged	21-11-48
Other—Other	21-11-99

Materials, Tools, Supplies, Fuels, Lubricants—Way and Structures—Switching—21-12-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's roadway and track within classification yards and stations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Repair and Maintenance:	
Roadway	21-12-10
Tunnels and Subways	21-12-11
Bridges and Culverts	21-12-12
Ties	21-12-13
Rails and Other Track Material	21-12-14
Ballast	21-12-16
Signals and Interlockers	21-12-19
Highway Grade Crossings	21-12-22
Dismantling Retired Property	21-12-29
Road Property and Equipment Damaged	21-12-48

Materials, Tools, Supplies, Fuels, Lubricants—Way and Structures—Other—21-13-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's structures not provided for in running or switching. Each account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Administration:	
Track	21-13-02
Bridges and Buildings	21-13-03
Signals	21-13-04
Communications	21-13-05
Other	21-13-06
Repair and Maintenance:	
Communication Systems	21-13-20
Power Systems	21-13-21
Station and Office Buildings	21-13-23
Shop Buildings—Locomotives	21-13-24
Shop Buildings—Freight Cars	*21-13-25
Shop Buildings—Other Equipment	21-13-26
Locomotive Servicing Facilities	21-13-27
Coal Terminals	*21-13-29
Ore Terminals	*21-13-30
TOFC/COFC Terminals	*21-13-31
Other Marine Terminals	*21-13-32
Motor Vehicle Loading and Distribution Facilities	*21-13-33
Facilities for Other Specialized Services Operations	*21-13-35
Roadway Machines	21-13-36
Snow Removal	21-13-38
Dismantling Retired Property	21-13-39
Road Property and Equipment Damaged	21-13-48
Other—Other	21-13-99

Materials, Tools, Supplies, Fuels, Lubricants—Equipment—Locomotives—21-21-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of locomotives, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Administration—General	21-21-01
Repair and Maintenance:	
Locomotives	21-21-41
Road Property and Equipment Damaged	21-21-48
Other—Other	21-21-99

Materials, Tools, Supplies, Fuels, Lubricants—Equipment—Freight Cars—21-22-XX*

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of freight-cars, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Administration—General	21-22-01
Repair and Maintenance:	
Dismantling Retired Property	21-22-39
Freight Cars	21-22-42
Road Property and Equipment Damaged	21-22-48
Other—Other	21-22-99

Materials, Tools, Supplies, Fuels, Lubricants—Equipment—Other Equipment—21-23-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of equipment by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Administration—General	21-23-01
Repair and Maintenance:	
Dismantling Retired Property	21-23-39
Trucks, Trailers, Containers in Revenue Service	*21-23-43
Floating Equipment—Revenue Service	*21-23-44
Passenger and Other Revenue Equipment	21-23-45
Computer Systems and Word Processing Equipment	21-23-46
Work and Other Non-Revenue Equipment	21-23-47
Road Property and Equipment Damaged	21-23-48
Shop Machinery—Locomotives	21-23-49
Shop Machinery—Freight Cars	*21-23-50
Shop Machinery—Other Equipment	21-23-51
Other—Other	21-23-99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Train—21-31-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with the dispatching and operation of freight trains over the charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Administration—General	21-31-01
Operations:	
Engine Crews	21-31-56
Train Crews	21-31-57
Dispatching Trains	21-31-58
Operating Switches, Signals, Interlockers, Retarders, Humps	21-31-59
Operating Drawbridges	21-31-60
Highway Crossing Protection	21-31-61
Train Inspection and Lubrication	21-31-62
Clearing Wrecks	21-31-63
Locomotive Fuels	21-31-67
Electric Power Purchased/Produced for Motive Power	21-31-68
Servicing Locomotives	21-31-69
Other—Other	21-31-99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Yard—21-32-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in and in terminal switching and transfer service. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Administration—General	21-32-01
Operations:	
Operating Switches, Signals, Interlockers, Retarders, Humps	21-32-59
Clearing Wrecks	21-32-63
Switch Crews	21-32-64
Controlling Operations	21-32-65
Yard and Terminal Clerical	21-32-66
Locomotive Fuel	21-32-67
Electric Power Purchased/Produced for Motive Power	21-32-68
Servicing Locomotives	21-32-69
Other—Other	21-32-99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Train and Yard Common—21-33-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed on behalf of both train and yard operations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3-2:

Operations:	
Cleaning Car Interiors	21-33-70
Adjusting, Transferring Loads.	*21-33-71
Car Loading Devices and Grain Doors.	*21-33-72

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Specialized Services—21-34-XX*

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Commission appear within the explanation of specialized services. This account shall be subdivided by the following functions:

Administration—General	21-34-01
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	21-34-73
Loading, Unloading, and Local Marine	21-34-74
Protective Services	21-34-75
Other—Other	21-34-99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Administrative Support—21-35-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with providing direct administrative support for the Transportation Activity. For further clarification refer to the explanation of the Administrative Support Operations Subactivity. This account shall be subdivided by the following functions:

Administration—General	21-35-01
Operations:	
Clerks, Accounting Employees	21-35-76
Communication Systems Operations	21-35-77
Loss and Damage Claims Processing	21-35-78
Other—Other	21-35-99

Materials, Tools, Supplies, Fuels, Lubricants—General and Administrative—21-61-XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in providing overall administration or other general support for carrier operations. For further clarification refer to the definition of the General and Administrative Activity. This account shall be subdivided by the following functions:

Administration—General	21-61-01
General:	
Accounting, Auditing, Finance	21-61-86
Management Services and Data and Word Processing	21-61-87
Marketing	21-61-88
Sales	21-61-89
Industrial Development	*21-61-90
Legal and Secretarial	21-61-92

Public Relations and Advertising	21-61-93
Research and Development	21-61-94
Other—Other	21-61-99

Purchased Services

Control—30-00-00

This account may be used as a control account for all accounts in the Purchased services series:

Lease Rentals—Dr.
Lease Rentals—Cr.
Joint Facility Rent—Dr.
Joint Facility Rent—Cr.
Other Rents—Dr.
Other Rents—Cr.
Joint Facility—Dr.
Joint Facility—Cr.
Repairs Billed by Others—Dr.
Repairs Billed to Others—Cr.
Other Purchased Services

Lease Rentals—Debit—Control—31-00-00

This account series includes the rentals of road property and equipment with terms of 30 days or more. This account excludes joint facility and joint trackage rents, insurance and maintenance elements of lease payments, and all elements of capital leases as defined in FASB Statement No. 13. Capitalized leases shall be included in the applicable property account for the particular asset leased [See Instruction 2-11b]. The components of this natural expense will be distributed to the following accounts in accordance with Instruction 3-2:

Lease Rentals—Dr.—Way and Structures—Running	31-11-00
Lease Rentals—Dr.—Way and Structures—Switching	31-12-00
Lease Rentals—Dr.—Way and Structures—Other	31-13-00
Lease Rentals—Dr.—Equipment—Locomotives	31-21-00
Lease Rentals—Dr.—Equipment—Freight Cars	*31-22-00
Lease Rentals—Dr.—Equipment—Other Equipment	31-23-00

Lease Rentals—Credit—Control—32-00-00

This account group includes the rentals of owned property and equipment or subleases of leased road property and equipment with terms of from 30 days to one year. Longer term leases are indicative of a noncarrier operation and all revenues and expenses related to such property and equipment should be classified accordingly and excluded from railroad operations. This account excludes joint facilities and joint trackage, capital leases, and portions of lease receipts covering maintenance and insurance. The components of this natural expense account will be distributed to the following accounts in accordance with Instruction 3-2:

Lease Rentals—Cr.—Way and Structures—Running	32-11-00
Lease Rentals—Cr.—Way and Structures—Switching	32-12-00
Lease Rentals—Cr.—Way and Structures—Other	32-13-00
Lease Rentals—Cr.—Equipment—Locomotives	32-21-00
Lease Rentals—Cr.—Equipment—Freight Cars	*32-22-00

Joint Facility Rents—Debits—Control—33-00-00

This account group includes amounts payable accrued as rent for equipment, tracks, yards, terminals, and other facilities owned or controlled by other carriers, companies, or individuals, and in the joint use of which the accounting company participates. Amounts paid or payable by the accounting company in reimbursement for taxes on property jointly used shall be charged to this account.

The cost of maintenance, operation, or administration of joint facilities, chargeable to the accounting company, shall be charged to the various joint facility accounts (37-XX-00). When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned between this account and Joint Facility—Dr. (37-XX-00). This apportionment shall be made by the operating company and shall be followed by the accounting company.

The components of this natural expense consist of the following accounts:

Joint Facility Rents—Dr.—Way and Structures—Running	33-11-00
Joint Facility Rents—Dr.—Way and Structures—Switching	33-12-00
Joint Facility Rents—Dr.—Way and Structures—Other	33-13-00
Joint Facility Rents—Dr. Equipment—Locomotives	*33-21-00
Joint Facility Rents—Dr. Equipment—Freight Cars	*33-22-00
Joint Facility Rents—Dr. Equipment—Other Equipment	33-23-00

Joint Facility Rents—Credit—Control—34-00-00

This account series includes amounts receivable accrued for rent of equipment, tracks, yards, terminals and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals. Amounts receivable from other companies in reimbursement for taxes on property jointly used shall be credited to this account.

The portion of the cost of maintenance, operation, or administration of joint facilities recoverable from others shall be credited to the various joint facility accounts (38-XX-00). When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned by the creditor between this account and Joint Facility—Cr. (38-XX-00).

The components of this account series shall be distributed to the following accounts:

Joint Facility Rents—Cr.—Way and Structures—Running	34-11-00
Joint Facility Rents—Cr.—Way and Structures—Switching	34-12-00
Joint Facility Rents—Cr.—Way and Structures—Other	34-13-00
Joint Facility Rents—Cr.—Equipment—Locomotives	*34-21-00
Joint Facility Rents—Cr.—Equipment—Freight Cars	*34-22-00
Joint Facility Rents—Cr.—Equipment—Other Equipment	34-23-00

Other Rents—Debit—Control—35-00-00

This account group includes the rents with terms of less than 30 days which are not renewed. This account includes all time and mileage payments for interchange locomotive, freight car, and other revenue equipment hire. The components of this account will be distributed to the following accounts in accordance with Instruction 3-2:

Other Rents—Dr.—Way and Structures—Running	35-11-00
Other Rents—Dr.—Way and Structures—Switching	35-12-00
Other Rents—Dr.—Way and Structures—Other	35-13-00
Other Rents—Dr.—Equipment—Locomotives	35-21-00
Other Rents—Dr.—Equipment—Freight Cars	*35-22-00
Other Rents—Dr.—Equipment—Other Equipment	35-23-00

Other Rents—Credit—Control— 36-00-00

This account includes rents with terms of less than 30 days which are not renewed. This account includes all time and mileage receipts for interchanged locomotive, freight car, and other revenue equipment hire. The components of this account will be distributed to the following accounts in accordance with Instruction 3-2:

Other Rents—Cr.—Way and Structures—Running	36-11-00
Other Rents—Cr.—Way and Structures—Switching	36-12-00
Other Rents—Cr.—Way and Structures—Other	36-13-00
Other Rents—Cr.—Equipment—Locomotives	36-21-00
Other Rents—Cr.—Equipment—Freight Cars	*36-22-00
Other Rents—Cr.—Equipment—Other Equipment	36-23-00

Joint Facility—Debit—Control— 37-00-00

This account includes joint trackage and joint facility costs, exclusive of rents, payable by the railroad to others. The components of this account will be distributed to the following accounts in accordance with Instruction 3-2:

Joint Facility—Dr.—Way and Structures—Running	37-11-00
Joint Facility—Dr.—Way and Structures—Switching	37-12-00
Joint Facility—Dr.—Way and Structures—Other	37-13-00
Joint Facility—Dr.—Equipment—Locomotives	37-21-00
Joint Facility—Dr.—Equipment—Freight Cars	*37-22-00
Joint Facility—Dr.—Equipment—Other Equipment	37-23-00
Joint Facility—Dr.—Transportation—Train	37-31-00
Joint Facility—Dr.—Transportation—Yard	37-32-00
Joint Facility—Dr.—Transportation—Specialized Services	*37-34-00
Joint Facility—Dr.—Transportation—Administrative Support	37-35-00
Joint Facility—Dr.—General and Administrative	37-61-00

Joint Facility—Credit—Control— 38-00-00

This account group includes joint trackage and joint facility costs, exclusive of rents, payable by others to the railroad. The components of this account will be distributed to the following accounts in accordance with Instruction 3-2:

Joint Facility—Cr.—Way and Structures—Running	38-11-00
Joint Facility—Cr.—Way and Structures—Switching	38-12-00
Joint Facility—Cr.—Way and Structures—Other	38-13-00
Joint Facility—Cr.—Equipment—Locomotives	38-21-00
Joint Facility—Cr.—Equipment—Freight Cars	*38-22-00
Joint Facility—Cr.—Equipment—Other Equipment	38-23-00
Joint Facility—Cr.—Transportation—Train	38-31-00
Joint Facility—Cr.—Transportation—Yard	38-32-00
Joint Facility—Cr.—Transportation—Specialized Services	*38-34-00
Joint Facility—Cr.—Transportation—Administrative Support	38-35-00
Joint Facility—Cr.—General and Administrative	38-61-00

Repairs Billed by Others—Debit—Control—39-00-00

This account group includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property and equipment. The components of this account shall be distributed to the following accounts in accordance with Instruction 3-2:

Repairs Billed by Others—Dr.—Way and Structures—Running—39-11-XX

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property associated with the carrier's roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	39-11-10
Tunnels and Subways	39-11-11
Bridges and Culverts	39-11-12
Ties	39-11-13
Rails and Other Track Material	39-11-14
Ballast	39-11-16
Signals and Interlockers	39-11-19
Highway Grade Crossings	39-11-22
Road Property and Equipment Damaged	39-11-48

Repairs Billed by Others—Dr.—Way and Structures—Switching—39-12-XX

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property associated with the carrier's roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	39-12-10
Tunnels and Subways	39-12-11
Bridges and Culverts	39-12-12
Ties	39-12-13
Rails and Other Track Material	39-12-14
Ballast	39-12-16
Signals and Interlockers	39-12-19
Highway Grade Crossings	39-12-22
Road Property and Equipment Damaged	39-12-48

Repairs Billed by Others—Dr.—Way and Structures—Other—39-13-XX

This account includes amounts payable by the railroad to others for repair and maintenance of the carrier's structures other than roadway and track. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Communication Systems	39-13-20
Power Systems	39-13-21
Station and Office Buildings	39-13-23
Shop Buildings—Locomotives	39-13-24
Shop Buildings—Freight Cars	*39-13-25
Shop Buildings—Other Equipment	39-13-26
Locomotive Servicing Facilities	39-13-27
Miscellaneous Buildings and Structures	39-13-28
Coal Terminals	*39-13-29
Ore Terminals	*39-13-30
TOFC/COFC Terminals	*39-13-31
Other Marine Terminals	*39-13-32
Motor Vehicle Loading and Distribution Facilities	*39-13-33
Facilities for Other Specialized Services Operations	*39-13-35
Roadway Machines	39-13-36
Snow Removal	39-13-38
Road Property and Equipment Damaged	39-13-48

Repairs Billed by Others—Dr.—Equipment—Locomotives—39-21-XX

This account includes amounts payable by the railroad to others for repair and maintenance under the Locomotive subactivity. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Locomotives	39-21-41
Road Property and Equipment Damaged	39-21-48

Repairs Billed by Others—Dr.—Equipment—Freight Cars—39-22-XX*

This account includes amounts payable by the railroad to others for repair and maintenance under the Freight Car subactivity. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Freight Cars	39-22-42
Road Property and Equipment Damaged	39-22-48

Repairs Billed by Others—Dr.—Equipment Other Equipment—39–23–XX

This account includes amounts payable by the railroad to others for the repair and maintenance of equipment not pertaining to the Locomotive or Freight Car subactivity. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Trucks, Trailers, and Containers in Revenue Service	*39–23–43
Floating Equipment—Revenue Service	*39–23–44
Passenger and Other Revenue Equipment	39–23–45
Computer Systems and Word Processing Equipment	39–23–46
Work and Other Non-Revenue Equipment	39–23–47
Road Property and Equipment Damaged	39–23–48
Shop Machinery—Locomotives	39–23–49
Shop Machinery—Freight Cars	*39–23–50
Shop Machinery—Other Equipment	39–23–51

Repairs Billed to Others—Cr.—Control 40–00–00

This account series includes amounts payable by others to the railroad for repair and maintenance of others' road property and equipment. The components of this account shall be distributed to the following accounts in accordance with Instruction 3–2:

Repairs Billed to Others—Cr.—Way and Structures— Running—40–11–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	40–11–10
Tunnels and Subways	40–11–11
Bridges and Culverts	40–11–12
Ties	40–11–13
Rails and Other Track Material	40–11–14
Ballast	40–11–16
Signals and Interlockers	40–11–19
Highway Grade Crossings	40–11–22
Road Property and Equipment Damaged	40–11–48

Repairs Billed to Others—Cr.—Way and Structures Switching—40–12–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	40–12–10
Tunnels and Subways	40–12–11
Bridges and Culverts	40–12–12
Ties	40–12–13
Rails and Other Track Material	40–12–14
Ballast	40–12–16
Signals and Interlockers	40–12–19
Highway Grade Crossings	40–12–22
Road Property and Equipment Damaged	40–12–48

Repairs Billed to Others—Cr.—Way and Structures— Other—40–13–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' structures other than roadway and track. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Communication Systems	40–13–20
Power Systems	40–13–21
Station and Office Buildings	40–13–23
Shop Buildings Locomotives	40–13–24
Shop Buildings—Freight Cars	*40–13–25
Shop Buildings—Other Equipment	40–13–26
Locomotive Servicing Facilities	40–13–27
Miscellaneous Buildings and Structures	40–13–28
Coal Terminals	*40–13–29
Ore Terminals	*40–13–30
TOFC/COFC Terminals	*40–13–31
Other Marine Terminals	*40–13–32
Motor Vehicle Loading and Distribution Facilities	*40–13–33
Facilities for Other Specialized Services Operations	*40–13–35
Roadway Machines	40–13–36
Snow Removal	40–13–38
Road Property and Equipment Damaged	40–13–48

Repairs Billed to Others—Cr.—Equipment Locomotives—40–21–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' locomotives. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Locomotives	40–21–41
Road Property and Equipment Damaged	40–21–48

Repairs Billed to Others—Cr.—Equipment— Freight Cars—40–22–XX*

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' freight cars. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Freight Cars	40–22–42
Road Property and Equipment Damaged	40–22–48

Repairs Billed to Others—Cr.—Equipment— Other Equipment—40–23–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' other equipment. Each account shall be subdivided by the following functions:

Repair and Maintenance:	
Trucks, Trailers, and Containers in Revenue Service	*40–23–43
Floating Equipment—Revenue Service	*40–23–44
Passenger and Other Revenue Equipment	40–23–45
Computer Systems and Word Processing Equipment	40–23–46
Road Property and Equipment Damaged	40–23–48
Shop Machinery—Locomotives	40–23–49
Shop Machinery—Freight Cars	*40–23–50
Shop Machinery—Other Equipment	40–23–51

Other Purchased Services—Control— 41–00–00

This account group includes amounts charged or credited to operating expenses for purchased advertising; purchased printing; outside professional services such as legal, accounting, audit, engineering, and consulting; payments for detour of trains; utilities, telephone, postage, subscriptions, communications, purchased electric power for train and locomotive propulsion; and other services purchased. The components of this account group shall be distributed to the following accounts in accordance with Instruction 3–2:

Other Purchased Services—Way and Structures—Running—41–11–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	41–11–10
Tunnels and Subways	41–11–11
Bridges and Culverts	41–11–12
Ties	41–11–13
Rails and Other Track Material	41–11–14
Ballast	41–11–16
Signals and Interlockers	41–11–19
Highway Grade Crossings	41–11–22
Dismantling Retired Property	41–11–39

Road Property and Equipment Damaged	41-11-48
Other—Other	41-11-99

Other Purchased Services—Way and Structures—Switching—41-12-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	41-12-10
Tunnels and Subways	41-12-11
Bridges and Culverts	41-12-12
Ties	41-12-13
Rails and Other Track Material	41-12-14
Ballast	41-12-16
Signals and Interlockers	41-12-19
Highway Grade Crossings	41-12-22
Dismantling Retired Property	41-12-39
Road Property and Equipment Damaged	41-12-48
Other—Other	41-12-99

Other Purchased Services—Way and Structures—Other—41-13-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administration:	
Track	41-13-02
Bridges and Buildings	41-13-03
Signals	41-13-04
Communications	41-13-05
Other	41-13-06
Repair and Maintenance:	
Communication Systems	41-13-20
Power Systems	41-13-21
Station and Office Buildings	41-13-23
Shop Buildings—Locomotives	41-13-24
Shop Buildings—Freight Cars	*41-13-25
Shop Buildings—Other Equipment	41-13-26
Locomotive Servicing Facilities	41-13-27
Miscellaneous Buildings and Structures	41-13-28
Coal Terminals	*41-13-29
Ore Terminals	*41-13-30
TOFC/COFC Terminals	*41-13-31
Other Marine Terminals	*41-13-32
Motor Vehicle Loading and Distribution Facilities	*41-13-33
Facilities for Other Specialized Services Operations	*41-13-35
Roadway Machines	41-13-36
Snow Removal	41-13-38
Dismantling Retired Property	41-13-39
Road Property and Equipment Damaged	41-13-48
Other—Other	41-13-99

Other Purchased Services—Equipment—Locomotives—41-21-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administrative—General	41-21-01
Repair and Maintenance:	
Dismantling Retired Property	41-21-39
Locomotives	41-21-41
Road Property and Equipment Damaged	41-21-48
Other—Other	41-21-99

Other Purchased Services—Equipment—Freight Cars—41-22-XX*

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administrative—General	41-22-01
Repair and Maintenance:	
Dismantling Retired Property	41-22-39
Freight Cars	41-22-42
Road Property and Equipment Damaged	41-22-48
Other—Other	41-22-99

Other Purchased Services—Equipment—Other Equipment—41-23-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administrative—General	41-23-01
Repair and Maintenance:	
Dismantling Retired Property	41-23-39
Trucks, Trailers, Containers in Revenue Service	41-23-43
Floating Equipment—Revenue Service	*41-23-44
Passenger and Other Revenue Equipment	41-23-45
Computer Systems and Word Processing Equipment	41-23-46
Work and Other Non-Revenue Equipment	41-23-47
Road Property and Equipment Damaged	41-23-48
Shop Machinery—Locomotives	41-23-49
Shop Machinery—Freight Cars	*41-23-50
Shop Machinery—Other Equipment	41-23-51
Other—Other	41-23-99

Other Purchased Services—Transportation—Train—41-31-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administration—General	41-31-01
Operations:	
Engine Crews	41-31-56
Train Crews	41-31-57
Dispatching Trains	41-31-58
Operating Switches, Signals, Interlockers, Retarders, Humps	41-31-59
Operating Drawbridges	41-31-60
Highway Crossing Protection	41-31-61
Train Inspection and Lubrication	41-31-62
Clearing Wrecks	41-31-63
Locomotive Fuel	41-31-67
Electric Power Purchased/Produced for Motive Power	41-31-68
Servicing Locomotives	41-31-69
Other—Other	41-31-99

Other Purchased Services—Transportation—Yard—41-32-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administration—General	41-32-01
Operations:	
Operating Switches, Signals, Interlockers, Retarders, Humps	41-32-59
Clearing Wrecks	41-32-63
Switch Crews	41-32-64
Controlling Operations	41-32-65
Yard and Terminal Clerical	41-32-66
Locomotive Fuel	41-32-67
Electric Power Purchased/Produced for Motive Power	41-32-68
Servicing Locomotives	41-32-69
Other—Other	41-32-99

Other Purchased Services—Transportation—Train and Yard Common—41-33-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Operations:	
Cleaning Car Interiors	41-33-70
Adjusting, Transferring Loads	41-33-71
Car Loading Devices and Grain Doors	41-33-72

Other Purchased Services—Transportation—Specialized Services—41-34-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administration—General	41-34-73
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	41-34-73
Loading, Unloading, and Local Marine	41-34-74
Protective Services	41-34-75
Other—Other	41-34-99

Other Purchased Services—Transportation—Administrative Support—41-35-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administration—General	41-35-01
Operations:	
Clerks, Accounting Employees	41-35-76
Communication Systems Operations	41-35-77
Loss and Damage Claims Processing	41-35-78
Other—Other	41-35-99

Other Purchased Services—General and Administrative—41-61-XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41-00-00. This account shall be subdivided by the following functions:

Administration—General	41-61-01
General:	
Accounting, Auditing, Finance	41-61-86
Management Services and Data and Word Processing	41-61-87
Marketing	41-61-88
Sales	41-61-89
Industrial Development	*41-61-90
Personnel and Labor Relations	41-61-91
Legal and Secretarial	41-61-92
Public Relations and Advertising	41-61-93
Research and Development	41-61-94
Other—Other	41-61-99

Claims and Insurance

Control—50-00-00

This account may be used as a control account for all accounts in the **Claims and Insurance** series: Loss and Damage Claims, Other Casualties, Insurance.

Loss and Damage Claims—Control—51-00-00

This account series includes amounts payable to compensate for the loss or damage of freight or other goods carried in revenue service. Loss and damage claims should not be allocated. When specific identification of loss and damage claims is possible, the related expenses shall be directly assigned to the Train, Yard, or Specialized service Subactivity. If a solely related determination cannot be made the loss and damage claim shall be charged to the Train and Yard Subactivity. This account series excludes amounts payable to employees or other parties for injuries sustained or loss of life; for damage to real property of others or personal property not carried in revenue services; all payments for other damages of any kind; and related insurance premiums. These costs are appropriately charged to the following accounts:

Loss and Damage Claims—Transportation—Train	51-31-00
Loss and Damage Claims—Transportation—Yard	51-32-00
Loss and Damage Claims—Transportation—Train and Yard Common	51-33-00
Loss and Damage Claims—Transportation—Specialized Services	*51-34-00

Other Casualties—Control—52-00-00

This account includes amounts payable to employees or other parties for injuries sustained or loss of life in connection with the construction, maintenance, operations, and administration of railroad property and equipment; for damage to real property, property of others or personal property not carried in revenue service; all payments for other damages of any kind. This account excludes freight and other goods carried in a revenue service, and insurance premiums related to the casualties chargeable to this account.

Note.—The costs of clearing wrecks and repairing casualty-caused damage to the railroad's property and equipment are properly classified under other natural expense accounts as appropriate and further classified by relevant activities and functions. These costs are appropriately charged to the following accounts:

Other Casualties—Way and Structures—Running	52-11-00
Other Casualties—Way and Structures—Switching	52-12-00
Other Casualties—Way and Structures—Other	52-13-00
Other Casualties—Equipment—Locomotives	52-21-00
Other Casualties—Equipment—Freight Cars	*52-22-00
Other Casualties—Equipment—Other Equipment	52-34-00
Other Casualties—Transportation—Train	52-31-00
Other Casualties—Transportation—Yard	52-32-00
Other Casualties—Transportation—Specialized Services	*52-34-00
Other Casualties—Transportation—Administrative Support	52-35-00
Other Casualties—General and Administrative	52-61-00

Insurance—Control—53-00-00

This account series include premiums for insurance to cover property and equipment loss and damage, liability, business interruption, and the like. These costs are appropriately charged to the following accounts:

Insurance—Way and Structures—Running	53-11-00
Insurance—Way and Structures—Switching	53-12-00
Insurance—Way and Structures—Other	53-13-00
Insurance—Equipment—Locomotives	53-21-00
Insurance—Equipment—Freight Cars	*53-22-00
Insurance—Equipment—Other Equipment	53-23-00
Insurance—Transportation—Train	53-31-00
Insurance—Transportation—Yard	53-32-00
Insurance—Transportation—Specialized Services	*53-34-00
Insurance—Transportation—Administrative Support	53-35-00
Insurance—General and Administrative	53-61-00

General

Control—60-00-00

This account may be used as a control account for all accounts in the **General** series: Other Expenses, Depreciation, Uncollectible Accounts, Property Taxes, Other Taxes.

Other Expenses—Control—61-00-00

This account series includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property and equipment retirement losses, and other items of a general nature.

Other Expenses—Way and Structures—Running—61-11-XX

Each account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature associated with the carrier's roadway and track on the line of road and outside of classification yards. Each account shall be subdivided by the following functions:

Repair Maintenance:	
Roadway	61-11-10
Tunnels and Subways	61-11-11
Bridges and Culverts	61-11-12
Ties	61-11-13
Rails and Other Track Material	61-11-14
Ballast	61-11-16
Signals and Interlockers	61-11-19
Highway Grade Crossings	61-11-22
Dismantling Retired Property	61-11-39
Road Property and Equipment Damaged	61-11-48
Other—Other	61-11-99

Other Expenses—Way and Structures—Switching—61-12-XX

Each account includes amount charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature associated with the carrier's roadway and track within classification yards and stations. Each account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	61-12-10
Tunnels and Subways	61-12-11
Bridges and Culverts	61-12-12
Ties	61-12-13
Rails and Other Track Material	61-12-14
Ballast	61-12-16
Signals and Interlockers	61-12-19
Highway Grade Crossings	61-12-22
Dismantling Retired Property	61-12-39
Road Property and Equipment Damaged	61-12-48
Other—Other	61-12-99

Other Expenses—Way and Structures—Other—61-13-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature associated with the carrier's structures other than roadway and track. This account shall be subdivided by the following functions:

Administration:	
Track	61-13-02
Bridges and Buildings	61-13-03
Signals	61-13-04
Communications	61-13-05
Other	61-13-06
Repair and Maintenance:	
Communication Systems	61-13-20
Power Systems	61-13-21
Station and Office Buildings	61-13-23
Shop Buildings—Locomotives	61-13-24
Shop Buildings—Freight Cars	*61-13-25
Shop Buildings—Other Equipment	61-13-26
Locomotive Servicing Facilities	61-13-27
Miscellaneous Buildings and Structures	61-13-28
Coal Terminals	*61-13-29
Ore Terminals	*61-13-30
TOFC/COFC Terminals	*61-13-31
Other Marine Terminals	*61-13-32
Motor Vehicle Loading and Distribution Facilities	*61-13-33
Facilities for Other Specialized Services Operations	*61-13-35
Roadway Machines	61-13-36
Snow Removal	61-13-38
Dismantling Retired Property	61-13-39
Road Property and Equipment Damaged	61-13-48
Other—Other	61-13-99

Other Expenses—Equipment—Locomotives 61-21-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees and equipment retirement losses, associated with the repair and maintenance of locomotives, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	61-21-01
Repair and Maintenance:	
Dismantling Retired Property	61-21-39
Locomotives	61-21-41
Road Property and Equipment Damaged	61-21-48
Other—Other	61-21-99

Other Expenses—Equipment—Freight Cars—61-22-XX*

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, equipment retirement losses, associated with the repair and maintenance of freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	61-22-01
Repair and Maintenance:	
Dismantling Retired Property	61-22-39
Freight Cars	61-22-42
Road Property and Equipment Damaged	61-22-48
Other—Other	61-22-99

Other Expenses—Equipment—Other Equipment—61-23-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, equipment retirement losses, associated with the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	61-23-01
Repair and Maintenance:	
Dismantling Retired Property	61-23-39
Trucks, Trailers, Containers in Revenue Service	*61-23-43
Floating Equipment—Revenue Service	*61-23-44
Passenger and Other Revenue Equipment	61-23-45
Computer Systems and Word Processing Equipment	61-23-46
Work and Other Non-Revenue Equipment	61-23-47
Road Property and Equipment Damaged	61-23-48
Shop Machinery—Locomotives	61-23-49
Shop Machinery—Freight Cars	*61-23-50
Shop Machinery—Other Equipment	61-23-51
Other—Other	61-23-99

Other Expenses—Transportation—Train—61-23-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, associated with the dispatching and operations of freight-trains over the roadway and outside of classification yards. This account shall be subdivided by the following functions:

Administration—General	61-31-01
Operations:	
Engine Crews	61-31-56
Train Crews	61-31-57
Dispatching Trains	61-31-58
Operating Switches, Signals, Interlockers, Retarders, Humps	61-31-59
Operating Drawbridges	61-31-60
Highway Crossing Protection	61-31-61
Train Inspection and Lubrication	61-31-62
Clearing Wrecks	61-31-63
Locomotive Fuel	61-31-67
Electric Power Purchased/Produced for Motive Power	61-31-68
Servicing Locomotives	61-31-69
Other—Other	61-31-99

Other Expenses—Transportation—Yard—61-32-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature associated with the movement of freight cars within classification yards and in terminal switching and transfer service. This account shall be subdivided by the following functions:

Administration—General	61-32-01
Operations:	
Operating Switches, Signals, Interlockers, Retarders, Humps	61-32-59
Clearing Wrecks	61-32-63
Switch Crews	61-32-64
Controlling Operations	61-32-65
Yard and Terminal Clerical	61-32-66
Locomotive Fuel	61-32-67
Electric Power Purchased/ Produced for Motive Power	61-32-68
Servicing Locomotives	61-32-69
Other—Other	61-32-99

Other Expenses—Transportation—Specialized Services—61-34-XX*

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Commission appear within the explanation of activities/ subactivities. This account shall be subdivided by the following functions:

Administration—General	61-34-01
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	61-34-73
Loading, Unloading, and Local Marine	61-34-74
Protective Services	61-34-75
Other—Other	61-34-99

Other Expenses—Transportation—Administrative Support—61-35-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in association with providing direct administrative support for the Transportation Activity. This account shall be subdivided by the following functions:

Administration—General	61-35-01
Operations:	
Clerks, Accounting Employees	61-35-76
Communication Systems Operations	61-35-77
Loss and Damage Claims Processing	61-35-78
Other—Other	61-35-99

Other Expenses—General and Administrative—61-61-XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in providing overall administration or other support for carrier operations. This account shall be subdivided by the following functions:

Administration—General	61-61-01
General:	
Accounting, Auditing, Finance	61-61-86
Management Services and Data Processing	61-61-87
Marketing	61-61-88
Sales	61-61-89
Industrial Development	*61-61-90
Personnel Labor Relations	61-61-91
Legal and Secretarial	61-61-92
Public Relations and Advertising	61-61-93
Research and Development	61-61-94
Other—Other	61-61-99

Depreciation—Control—62-00-00

This account group includes the amounts charged to operating expenses for depreciation of owned road property and equipment, and the depreciation element of road property held under capital lease in accordance with FASB Statement No. 13. These costs are appropriately charged to the following accounts:

Depreciation—Way and Structures—Running	62-11-00
Depreciation—Way and Structures—Switching	62-12-00
Depreciation—Way and Structures—Other	62-13-00
Depreciation—Equipment—Locomotives	62-21-00
Depreciation—Equipment—Freight Cars	*62-22-00
Depreciation—Equipment—Other Equipment	62-23-00

Uncollectible Accounts—Control— 63-00-00

This account includes charges to operating expenses for the writedown of accounts and notes due to the railroad, whether classified as current or long-term. This account includes any credits to allowance accounts for collectibility and total writeoff of receivables. This account does not include writedowns of property, equipment, or investments (except accounts, notes, or other receivables held as investments). Proper adjustments of incorrect receivables are not to be charged to this account. Collections of amounts previously written off or down are to be credited to this account. The total of this account shall be charged to the following account:

Uncollectible Accounts—General and Administrative	63-61-00

Property Taxes—Control—64-00-00

This account includes only taxes based on the value of real estate and personal property used in railroad operations. The total of this account shall be charged to the following account:

Property Taxes—General and Administrative	64-61-00

Other Taxes—Control—65-00-00

This account includes taxes on gross receipts, franchise fees, excise taxes, and similar items. This account excludes property taxes and taxes chargeable as employee benefits. The total of this account shall be charged to the following account:

Other Taxes—General and Administrative	65-61-00

OPERATING EXPENSE ACCOUNTS

Section 2—Activity/Subactivity Explanations

Way and Structures Activity—(XX-10-XX)

(A) "Way and Structures" activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring right-of-way and trackage, structures, buildings, and facilities. It includes all natural expense object subclassifications such as salaries and wages, fringe benefits, material and supplies, lease rentals, purchased services, casualties, depreciation and retirements, where such objects are in the performance or support of the above functions. Specifically included are all natural expense objects in the performance of the above described functions on property of the type included in property accounts 2 through 45, excluding 44, whether such property is owned or leased. It includes the costs of operating work trains in support of this activity.

This activity excludes all expenses related to transportation and other equipment described in property accounts 44, 46 and 52 through 58, all of which should be charged to the Equipment activity. It also excludes expenses in performance or support of Transportation, General and Administrative activities, property used for noncarrier operations, non-operating property, and interest or other fixed charges.

Running Subactivity—(XX-11-XX)

(1) "Running" subactivity of the Way and Structures activity refers to the functions of repairing, maintaining, leasing, renting, depreciating, and retiring right-of-way, trackage, signals and interlockers, and highway grade crossings for running tracks, passing tracks, crossovers, etc., including turn-outs from those tracks, passing clearance points. It includes all natural expense object subclassifications under the Way and Structures activity that are applicable to right-of-way and trackage as defined above. This subactivity specifically excludes expenses incurred in operating signals and interlockers and highway grade crossings, which are properly charged to the Transportation activity.

Switching Subactivity—(XX-12-XX)

(2) "Switching" subactivity of the Way and Structures activity refers to the function of repairing, maintaining, leasing, renting, depreciating, and retiring right-of-way, trackage, signals and interlockers, and highway grade crossings for yards where separate switching services are maintained, including classification, house, team, industry, and other tracks switched by yard locomotives, and for station, team, industry, and other switching tracks for which no separate switching service is maintained. It includes all natural expense object subclassifications under the Way and Structures activity that are applicable to right-of-way and trackage as defined above. This subactivity specifically excludes expenses incurred in operating signals and interlockers, and highway grade crossings, which are properly charged to the Transportation activity.

Other Subactivity—(XX-13-XX)

(3) "Other" subactivity of the Way and Structures activity refers to the function of repairing, maintaining, leasing, renting, depreciating, and retiring other roadway property structures, buildings, and facilities not provided for in the Running and Switching subactivities. It includes all natural expense object subclassifications under the Way and Structures activity that are applicable to the structures, buildings, and facilities as defined above. The specifically excludes expenses incurred in operating such structures, buildings, and facilities, which are properly charged to the Equipment, Transportation, and General and Administrative activities.

Equipment Activity—(XX-20-XX)

(B) "Equipment" activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring transportation and other operating equipment. It includes all natural expense object subclassifications such as salaries and wages, fringe benefits, material and supplies, lease rentals, purchased services, casualties, depreciation, and retirements. Specifically included are all natural expense objects in the performance of the above functions on property of the type included in property accounts 44, 46 and 52 through 58, whether such property is owned or leased. The costs of operating work trains in support of the Equipment activity are to be included herein.

This activity excludes all expenses related to road property as described in property accounts 2 through 45, excluding account 44, all of which should be charged to the Way and Structures activity. It also excludes expenses in performance of, or support for Transportation, General and Administrative activities, property used for noncarrier operations, nonoperating property, and interest or other fixed charges.

Locomotives Subactivity—(XX-21-XX)

(1) "Locomotives" subactivity of the Equipment activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring locomotives. It includes all natural expense object subclassifications under the Equipment activity that are applicable to locomotives. This subactivity specifically excludes expenses incurred in operating locomotives, such as locomotive fuel and lubricants, train crew wages, operating supplies, servicing (as opposed to maintaining or repairing), and cleaning which are includable in the Transportation activity, except when locomotive use is clearly in support of other activities or subactivities. When locomotives are operated in support of repairing or maintaining locomotives, the operating costs shall be charged to this subactivity.

Freight Train Cars Subactivity—(XX-22-XX)

(2) "Freight Train Cars" subactivity of the Equipment activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring freight train cars. It includes all natural expense object subclassifications under the Equipment activity that are applicable to freight train cars. This subactivity pertains to all freight train cars described in property account 53, whether owned or leased, including freight cars used for hauling freight in company service and cabooses. It does not pertain to work equipment. This subactivity specifically excludes expenses incurred in running trains or operating freight cars, such as for locomotive fuel and lubricants, train crew wages, inspecting trains, operating supplies, servicing (as opposed to maintaining or repairing), and cleaning, which are includable in the Transportation activity, except where such costs are clearly in support of repairing or maintaining freight cars, other activities or subactivities. When locomotives or trains are operated in support of repairing or maintaining freight cars, the operating costs shall be charged to this subactivity.

Other Equipment Subactivity—(XX-23-XX)

(3) "Other Equipment" subactivity of the Equipment activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring other equipment. It includes all natural expense object subclassifications under the Equipment activity which are applicable to other equipment. The subactivity pertains to all equipment described in property accounts 44, 46 and 54 through 58, whether such property is owned or leased. This subactivity specifically excludes expenses incurred in operating other equipment, such as for fuel and lubricants, crew wages, inspecting equipment, operating supplies, servicing (as opposed to maintaining or repairing), and cleaning, which are includible in the Transportation activity, except where such costs are clearly in support of other activities or subactivities. When locomotives, trains, or other equipment are operating in support of repairing or maintaining other equipment, the operating costs shall be charged to this subactivity.

Transportation Activity—(XX-30-XX)

(C) "Transportation" activity refers to operating, servicing, inspecting, weighing, assembling, and switching trains; operating highway revenue services; operating facilities in connection with carrier transportation operations including coal and ore terminals, intermodal terminals, terminal grain elevators, and others; operating carfloat and carferry services and related facilities; operating communications systems which primarily support train operations; and joint facility transportation operations. It includes various administrative functions directly supporting transportation operations including those described in the Administrative Support Operations subactivity. Work train costs in support of the Way and Structures or the Equipment activities should be charged to those activities. However, shipments of company materials, handled in predominantly revenue freight trains, are appropriately included in this activity. This activity includes all natural expense object subclassifications such as salaries and wages, fringe benefits, material and supplies, purchased services, lost or damaged freight, and casualties.

Train Operations Subactivity—(XX-31-XX)

This activity excludes all expenses assignable to the Way and Structures, Equipment, and General and Administrative activities, as well as those expenses for noncarrier operations and nonoperating functions.

(1) "Train Operations" subactivity of the Transportation activity refers to operations of all trains except those performing yard functions in terminals. It includes running trains in road or way service; switching trains except where such switching is performed within yards or terminals; and making customer pick-ups and deliveries except in yards and terminals.

It also provides for dispatching, controlling, reporting, and monitoring road train movements; inspecting and lubricating trains; servicing, fueling, and cleaning (not repairing or maintaining) locomotives; purchasing or producing electric power for motive power; and operating supporting activities such as communications, signaling, crossing protection, and interlockings.

This subactivity also includes crew calling and transporting; crew lodging, meals, and other expenses; lost or damaged freight; casualties and insurance; clearing wrecks; and operating joint tracks and facilities except for yards or specialized services. It also includes salaries and wages, fringe benefits, material and supplies, fuel and lubricants, purchased services, casualty and damages, and other natural expense elements incurred in operating trains.

The Train Operations subactivity excludes the operation of specialized services, all of which should be charged to the Specialized Services Operations subactivity. However, road or way switching between trains and specialized service facilities outside of terminal areas belongs to the Train Operations subactivity.

Work and other nonrevenue train operating costs are to be charged to the appropriate supported activity. Shipments of company materials normally should be charged to this subactivity, except where the train movement is exclusively or predominantly for such nonrevenue purpose where the supported activity should bear the train operating costs.

Yard Operations Subactivity—(XX-32-XX)

(2) "Yard Operations" subactivity of the Transportation activity refers to classifying cars to make-up or break-down trains; sorting and handling waybills in connection with freight car classification and switching in yards or terminals; inspecting, servicing, fueling, and cleaning (not repairing or maintaining) locomotives and cabooses used to provide yard or terminal services; purchasing or producing electric power for motive power; diverting or holding cars; and reporting operating and car movement data related to yards and terminals. It also includes operating supporting activities in yards or terminals, such as communications, signaling, and interlockings; yard crew calling and transporting; yard crew lodging, meals, and other expenses; lost or damaged freight specifically traceable to occurrences resulting from the performance of yard operations; casualties and insurance related to yard operations; clearing wrecks which occurred in the performance of yard operations; and operating joint yards and terminals.

Within terminals, this subactivity includes pick-up or delivery of freight cars from or to customer spur tracks, team tracks, freight houses, interchange tracks, rip tracks, and specialized service facilities. It also includes salaries and wages, fringe benefits, material and supplies, fuel and lubricants, purchased services, casualty and damages, and other natural expense elements incurred in operating yards and terminals.

The Yard Operations subactivity includes the cost of switching operations within facilities for Specialized Services and switching or transfer operations between yards and the specialized service facilities. The latter is not limited or affected by definitions or restrictions contained in carrier operating rules or labor agreements. It is related solely to the defined operations when they are performed in a yard or terminal area.

Train and Yard Common Subactivity—(XX-33-XX)

(3) "Train and Yard Common" subactivity of the Transportation activity refers to the function of adjusting and transferring loads; and placing and removing car loading devices and grain doors. It also includes lost or damaged freight not specifically traceable to numerous activities resulting from performance of train, yard, or specialized services operations. It also includes salaries and wages, fringe benefits, material and supplies, purchased services, and other natural expense elements incurred in performing the functions defined above. It excludes the natural expense elements of casualties and insurance, which shall be charged to the Train Operations and Yard Operations subactivities.

Specialized Services Operations Subactivity—(XX-34-XX)

(4) "Specialized Services Operations" subactivity of the Transportation activity refers to operating services which are specialized in nature and in cost characteristics, including all of those so designated by the Commission. The purpose of segregating the cost of such services is primarily to preclude distortion of general costs applicable to the Train Operations and Yard Operations subactivities. Secondarily, further breakout of the costs of operating individual specialized services can be provided in less detail than the full range of natural expense accounts, in reports used for recurring cost analysis purposes pertaining to each type of specialized service.

The designated specialized services operations are as follows:

(a) "TOFC/COFC Operations" refers to the function of operating rail-to-ground or water and ground or water-to-rail transfer facilities for handling trailers or containers, including related storage; and the highway movement of trailers or containers within a terminal area for purposes of pick-up, delivery, or interchange.

The service includes loading, tie-down, and/or unloading flat cars or dollies and piggyback trailers to or from highway tractors; moving trailers, dollies, or containers within the facility; servicing, cleaning, and fueling (but not repairing or maintaining) facility equipment; operating storage areas; and casualties, claims, and insurance relating to the facility.

TOFC/COFC Operations do not include Plan V or other arrangements, where there is a division of revenues between the rail and motor carrier. They do not include switching services performed within the facility by yard or road crews. They also do not include the functions of the Way and Structures, Equipment, and General and Administrative activities, or the Train, Yard, Train and Yard Common, or Administrative Support Operations subactivities.

(b) "Floating Operations" refers to operations of water vessels and equipment in revenue service. They include the operation of carferries, tugs, barges, lighterage, and all other forms of water craft.

Floating operations exclude operations includable in the Administrative Support Operations subactivity, and the switching transfer of cars between general yards or trains and the facility or a dedicated yard serving the facility, or switching within the dedicated supporting terminal facility when performed by yard crews. They also do not include costs appropriate to the Way and Structures, Equipment, or General and Administrative activities.

Floating operations should be classified by line and terminal operations. The distribution should be made based on the nature of the operation and not the facility or equipment. When the service occurs between distinct terminals, the operation should be considered a line operation. When the service is conducted within a general terminal or harbor area, the operation should be considered a terminal operation.

(c) "Coal Terminal Operations and Ore Terminal Operations" refers to operations of rail-to-water or water-to-rail transloading facilities for coal or for ores, including related storage, blending, and other processing or handling at the facility. These operations include loading and/or unloading rail cars or water vessels at the facility; moving commodities within the facility by whatever means; operating the facility's pollution control equipment; operating and directing the operations of moorings and tugboats; servicing, cleaning, and fueling (but not repairing or maintaining) facility equipment; operating storage areas; and casualties, claims, and insurance relating to the facility.

These terminal operations do not include costs appropriate to the Way and Structures, Equipment, or General and Administrative activities. They also do not include costs appropriate to the Train Operations, Yard Operations, Train and Yard Operations Common, or Administrative Support Services Operations subactivities. Switching transfer of cars between general yards or trains and the facility or a dedicated yard serving the facility and switching within the dedicated supporting terminal facility when performed by yard crews should be charged to the Yard Operations subactivity.

(d) "Other Marine Terminal Operations" refers to the operations of marine terminals other than those for which a separate designated specialized service operation category is provided.

(e) "Motor Vehicle Loading and Distribution Facility Operations" refers to the operations of facilities for loading, unloading, or storing motor vehicles.

(f) "Protective Service Operations" refers to the function of servicing, cleaning, and fueling (but not repairing or maintaining) mechanical protective service equipment.

(g) "Other Specialized Services Operations" refers to the function of performing rail substitute service, other highway revenue service, LCL terminal operations, warehouse operations, freight car transloading, grain elevator terminal operations, livestock feeding operations, and other specialized services designated by the Commission. It includes the transportation operating expenses of only those services listed above.

Administrative Support Operations Subactivity—(XX–35–XX)

(5) "Administrative Support Operations" subactivity refers to operations providing direct administrative support to the overall Transportation activity. It includes administrative support for the Common, and the Specialized Services Operations subactivities. The administrative support operations includes receiving and processing customer orders, requesting cars, preparing waybills, rating shipments, billing customers, collecting customer receivables in the ordinary course of business (not to include treasury, legal, general accounting, revenue accounting, or credit operations, all of which are chargeable to the General and Administrative activity), billing and recording demurrage, reporting interchanges, reporting advances, and the initial reporting and summarization of input documents for purposes of cash collection and accounting. Any operations beyond the initial summarization and reporting of input data are assignable to the General and Administrative activity except for those otherwise included in the definition of this subactivity.

Carrier staff, administrative, or clerical operations related to operating or transportation department general administration should not be charged to this subactivity. The Administrative Support Operations subactivity may be performed at local stations, regional offices, or even at the general offices; however, the location of the operation performance does not affect its nature. The operations included in this subactivity should reasonably correlate to the quantity of shipments or to the quantity of carloadings.

General and Administrative Activity—(XX–60–XX)

(D) "General and Administrative" activity refers to the providing of overall administration or other general support for carrier operations. It comprehends only that portion of general and administrative activities that relates to carrier operations (as distinguished from noncarrier operations or nonoperating activities) including executive, legal, financial, treasury, accounting, budgeting, taxation, corporate planning, costing, marketing, advertising, traffic, corporate secretary, public relations, real estate, insurance administration, personnel administration, pension plan administration, general purchasing, labor relations, internal auditing, industrial engineering, and regulatory reporting.

This activity excludes expenses incurred for noncarrier operations of the carrier company as well as for general administration of the corporate entity and nonoperating income or expenses. It also excludes expenses in performance of or direct support for Way and Structures, Equipment, and Transportation activities, with particular attention to the Administrative Support Operations subactivity.

OPERATING EXPENSE ACCOUNTS

Section 3—Function Explanations

Note.—Functions do not necessarily correlate to organizational structure. A particular department may not have a specific USOA expense function code. However, its costs may be includable under various function codes. Costs not properly chargeable to specific functions should be assigned to Function Code 99, Other.

(a) Functions Related to the Way and Structures Activity

(1) Administration Functions.

(02) Administration, Track—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of track. Used only in Way and Structures— Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.

- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(03) Administration, Bridges and Buildings—General administration and supervision of central, regional and divisional engineering functions related to repair and maintenance of bridges and buildings. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(04) Administration, Signals—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of signals. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(05) Administration, Communications—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of communication facilities. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(06) Administration, Other—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of other roadway property. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(2) Repair and Maintenance Functions—These functions include:

- Repair and maintenance work on road property and equipment, including gang foreman, shop foreman, and other supervisors with direct authority over workers; all higher levels of supervision are included in the Administration function.
- Work train service. Crew wages are to be charged directly; other work train expenses except fuel may be apportioned if not solely identifiable to work train service.
- Store expense and shop expense.

(10) Repair and Maintenance, Roadway—Roadway, cuts, fills, banks, embankments, subgrade, roadbed, ditches, drains, landscaping; cutting and removing grass, brush, debris; dressing ballast; preventing and extinguishing fires; patrolling and inspection; roadway relocation.

(11) Repair and Maintenance, Tunnels and Subways—Repaving, ventilating, lighting, other maintenance.

(12) Repair and Maintenance, Bridges and Culverts—Bridges, trestles, culverts and elevated structures which carry tracks; repairing, filling, dredging, cleaning, watching these structures.

(13) Repair and Maintenance, Ties—Cross, switch, bridge, and other track ties. This function includes expenses associated with unloading, distributing and placing ties in tracks.

(14) Repair and Maintenance, Rails and Other Track Material—All track material used in repair of tracks except ballast and ties. This function includes expenses associated with unloading and installing Rail and Other Track Material.

(16) Repair and Maintenance, Ballast—Gravel, stone, slag, cinders, sand, and like material.

(19) Repair and Maintenance, Signals and Interlockers—Signals and interlockers and related apparatus governing train movement.

(20) Repair and Maintenance, Communications Systems—Telephone, telegraph, radio, radar, inductive train communication, and other communication systems, including terminal equipment.

(21) Repair and Maintenance, Power Systems—Power plants, substations, transmission and distribution systems.

(22) Repair and Maintenance, Highway Grade Crossings—Highway grade crossing signals, gates, and related apparatus.

(23) Repair and Maintenance, Station and Office Buildings—Station and office buildings, fixtures, appurtenances, and grounds.

(24) Repair and Maintenance, Shop Buildings—Locomotives—Shops and buildings, fixtures, appurtenances, and grounds, used for the repair, maintenance and servicing of locomotives.

(25) Repair and Maintenance, Shop Buildings—Freight Cars—Shops and buildings, fixtures, appurtenances, and grounds, used for the repair, maintenance, and servicing of freight cars.

(26) Repair and Maintenance, Shop Buildings—Other—Shops and buildings, fixtures, appurtenances, and grounds, used for the repair, maintenance, and servicing of revenue service equipment other than locomotives and freight cars; roadway machines; work equipment and the like.

(27) Repair and Maintenance, Locomotive Servicing Facilities—Fuel and water stations, fixtures, appurtenances, and grounds.

(28) Repair and Maintenance, Miscellaneous Buildings and Structures. All permanent buildings and structures, and their fixtures, appurtenances, and grounds, not otherwise provided for. (Includes storehouses.)

(29) Repair and Maintenance, Coal Terminals—Wharves, docks, and other loading or unloading facilities for handling coal, including conveyors, machinery and fixtures.

(30) Repair and Maintenance, Ore Terminal—Wharves, docks, and other loading or unloading facilities for handling ores and other bulk mineral commodities, including conveyors, machinery and fixtures.

(31) Repair and Maintenance, TOFC/COFC—Terminals—TOFC/COFC terminal structures, fixtures, machinery and appurtenances, used for transfer of trailers and containers.

(32) Repair and Maintenance, Other Marine Terminals—Marine terminal structures, fixtures, machinery and appurtenances not otherwise provided for.

(33) Repair and Maintenance, Motor Vehicle Loading and Distribution Facilities—Buildings, structures, fixtures, machinery and appurtenances used for receipt, loading, unloading, and distribution of motor vehicles.

(35) Repair and Maintenance Facilities for Other Specialized Services Operations—Buildings, structures, machinery, fixtures and grounds, used as part or whole of a revenue-producing specialized service.

(36) Repair and Maintenance, Roadway Machines—Machines and equipment used for repairs of roadway and structures.

(37) Small tools and Supplies—Cost of small tools and supplies used in repair and maintenances.

(38) Snow Removal—Removal of snow and ice; plow and flange service; setting up, taking down and storing fences. If the amount of labor expense is not substantial, the wages of those employees who perform snow removal duties may be included in the appropriate expense accounts for the duties they are normally assigned.

(39) Dismantling Retired Property—Dismantling retired road property when the property is not to be replaced through normal maintenance, addition or betterment.

(48) Road Property Damaged—Repair of roadway property and structures, used in revenue service, and all equipment not used in revenue service, when damage is caused by derailments, collision, fire, explosions, sabotage, other casualties, and excluding damage resulting through normal operations or use; such as part failures, overloads, overheating, short circuits and similar events. Part failures through normal operations are those where the resulting damage is restricted to the unit of road property which experienced the failure. When the damage extends to other units of road property, related expenses shall be charged to this function.

(3) Other Function.

(99) Other—All expenses not properly includable in the above functions.

(b) Functions Related to the Equipment Activity

(1) Administrative Functions.

(01) Administration, General—General administration and supervision of central, regional, and divisional repair and maintenance functions. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance of equipment.
- Budget preparation, clerical support, and similar functions.

(2) Repair and Maintenance Functions—These functions include:

- Repair and maintenance work on equipment including gang foreman, shop foreman, and other supervisors with direct authority over workers; all higher levels of supervision are included in the Administrative function.
- Store expense and shop expense.

(39) Dismantling Retired Property—Dismantling retired equipment when the property is not to be replaced through normal maintenance, addition or betterment.

(40) [Reserved]

(41) Repair and Maintenance, Locomotives—Repair of locomotives in revenue service.

(42) Repair and Maintenance, Freight Cars—Repair of freight cars and attached motor equipment in revenue service.

(43) Repair and Maintenance, Trucks, Trailers, Containers in Revenue Service—Repair, inspection, and lubrication of trucks, trailers and containers in revenue service.

(44) Repair and Maintenance, Floating Equipment in Revenue Service—Floating equipment including appurtenances.

(45) Repair and Maintenance, Passenger and Other Revenue Equipment—Repair, inspection and lubrication of passenger train cars and attached motor equipment, and other equipment used in revenue service.

(46) Repair and Maintenance, Computer Systems and Word Processing Systems—Computers and attached peripheral equipment; data recording and punch-card processing equipment; word processing equipment.

(47) Repair and Maintenance, Work and Other Non-Revenue Equipment—Rail and floating work equipment and appurtenances, and all other equipment not used in revenue service and not provided for elsewhere.

(48) Equipment Damaged—Repair of locomotives, freight cars, other equipment used in revenue service, and all equipment not used in revenue service, when damage is caused by derailment, collision, fire, explosions, sabotage, washouts, or other casualties, and excluding damage resulting through normal operations or use, such as part failures, overloads, overheating, short circuits and the like. Part failures through normal operations are those where the resulting damage is restricted to the equipment that experienced the failure. When the damage extends to other units of equipment, related repairs shall be charged to this function.

(49) Repair and Maintenance, Shop Machinery—Locomotives—Repair of shop machinery and other apparatus, including special foundations used for the repair, maintenance and servicing of locomotives.

(50) Repair and Maintenance, Shop Machinery—Freight Cars—Repair of shop machinery and other apparatus, including special foundations for the repair, maintenance and servicing of freight cars.

(51) Repair and Maintenance, Shop Machinery—Other Equipment—Repair of shop machinery and other apparatus, including special foundations for the repair, maintenance and servicing of other equipment.

(3) Other Function.

(99) Other—All equipment expenses not properly includable in the above functions.

(C) Functions Related to the Transportation Activity

(1) Administrative Function.

(01) Administration, General—General administration and supervision of central, regional, and divisional operational functions. Included are:

- Planning and supervision of train, yard, common, specialized services and support operations.
- Budget preparation, clerical support, and similar functions.

[Not applicable to the Train and Yard Common Subactivity.]

(2) Operations Functions.

(56) Engine Crews—Operation of trains in line-haul revenue service by enginemen, including crew meals, lodging, deadheading and other expenses.

(57) Train Crews—Operation of trains in line-haul revenue service by trainmen, including crew meals, lodging, deadheading, and other expenses.

(58) Dispatching Trains—Costs include dispatchers, supporting staff, train order stations and operators, office and supplies expense.

(59) Operating Switches, Signals, Interlockers, Retarders, Humps—Operators, switch tenders, supplies, etc.

(60) Operating Drawbridges—Engineers, tenders, watchmen, supplies, etc.

(61) Highway Crossing Protection—Gatekeepers, flagmen, lighting, supplies, etc.

(62) Train Inspection and Lubrication—Inspection and lubrication of trains (cars and locomotives), including minor repairs made by inspectors. This includes the inspection of train locomotives when indistinguishable from the inspection and lubrication of train cars.

(63) Clearing Wrecks—Removal of equipment, freight or other goods, and property of others damaged in wrecks; note that repair of wreck damage caused to roadway property and equipment is classified as function Code 48—Road Property and Equipment Damaged.

(64) Switch Crews—Operation of trains and locomotives in yard and terminal revenue switching service by enginemen and trainmen, including associated expenses.

(65) Controlling Operations—Directing the operations of yard and terminal interchange and classification service, including office and supplies expense.

(66) Yard and Terminal Clerical—Clerical work in support of the operation of yard and terminal switching and classification service, including office and supplies expense.

(67) Locomotive Fuel—Cost of locomotive fuel used in all service, including the receipt, storage, and dispensing of the fuel.

(68) Electric Power Purchased/Produced for Motive Power—Purchase cost and cost of producing electric power for use by electrically-powered motive equipment in all service.

(69) Servicing Locomotives—Preparing locomotives for switching service in yards and for train service, including moving locomotives around engine yards. This includes the inspection and lubrication of yard locomotives and may include the inspection and lubrication of train locomotives where distinguishable from the inspection and lubrication of train cars.

(70) Cleaning Car Interiors—Cleaning and preparing car interiors for revenue service, including minor repairs made by car cleaners. This includes payment for cleaning cars due to spoilage of perishable shipments.

(71) Adjusting and Transferring Loads—Transferring, picking up, straightening, and reloading freight in the ordinary course of transportation.

(72) Car Loading Devices and Grain Doors—Servicing car loading devices and placing and removing grain doors.

(73) Pickup & Delivery, Marine Line Haul & Rail Substitute Service—Operation of trucks, floating equipment, and all other specialized equipment providing line haul movement for revenue including TOFC/COFC pick-up and delivery.

(74) Loading & Unloading and Local Marine—All other specialized services in the transportation activity such as TOFC/COFC loading, unloading, and tie down; coal and ore loading and unloading; and other similar functions.

(75) Protective Services—Inspecting, servicing, cleaning, and fueling protective equipment and devices.

(76) Clerical and Accounting Employees—Direct administrative support to the Transportation Activity, including receiving and processing customer orders, requesting cars, preparing waybills, rating shipments, billing customers, collecting customer receivables in the ordinary course of business, billing and recording demurrage, reporting interchanges, reporting advances, and the initial summarization and reporting of input data.

(77) Communications Systems Operation—Cost of operating communications systems; when such operations are an integral part of other functions, only specifically identifiable costs of operating communications systems are to be allocated to this function.

(78) Loss and Damage Claims Processing—Receipt, investigation, other handling, and adjustment and settlement of claims for loss or damage of freight or other goods carried in revenue service. Does not include handling claims for personal injury or for loss or damage of other property.

(3) Other Function.

(99) Other—All transportation expenses not properly includable in the above functions.

(d) Functions Related to the General and Administration Activity

(1) Administrative Function.

(01) Administration, General—General administration and supervision of central, regional, and divisional general functions. Included are:

• Planning and supervision of general and administrative functions.

• Budget preparation, clerical support, and similar functions. It includes the overall responsibility for two or more of the General and Administrative functions listed below or the responsibility that expands to more than one activity.

(2) General Functions.

(86) Accounting, Auditing, Finance—General and corporate accounting, auditing by internal auditors and outside accountants, treasury, tax accounting and returns, financial reporting, corporate planning related to investment decisions and budgeting.

(87) Management Services and Data and Word Processing—Systems planning and design, programming, computer operations, data control, key entry of data, and related activities; This includes operating expenses associated with a particular computer system or word processing equipment that is dedicated to more than one activity. This does not include expenses associated with computer systems or word processing equipment dedicated exclusively to the Way and Structure, Equipment or Transportation Activity; these expenses shall be charged to the appropriate subactivity/function.

(88) Marketing—Market planning and analysis, traffic analysis, costing, pricing, and related activities.

(89) Sales—Traffic solicitation and related sales efforts.

(90) Industrial Development—Efforts to locate industries on real estate accessible to the railroad's lines for the purpose of creating future revenues.

(91) Personnel and Labor Relations—Efforts to attract and retain employees, handle fringe benefit plans, monitor and negotiate labor contracts, maintain employee data and records, coordinate training programs, handle grievances, handle employee transfers, operate job safety and equal opportunity programs, and related activities.

(92) Legal and Secretarial—Legal functions handled by attorneys and supporting staff; including lawsuits, injury and damage claims, commerce matters, and similar functions; corporate secretarial functions involving shareholder records, corporate minutes, stock certificates, and similar items.

(93) Public Relations and Advertising—Public relations activities with governmental bodies, shippers, and the general public; advertising in the media, booklets, publications; open houses and tours; and similar activities.

(94) Research and Development—Research into the use of methods, procedures, practices, equipment, machinery tools, and plant, and in determining and measuring the impact of factors or costs not previously known, with the intention of finding ways to improve maintenance, operations, administration, rates, productivity, environmental impact, and similar items. Does not include specific studies or development efforts for which an implementation decision has already been made.

(3) Other Function.

(99) Other—All general and administration expenses not properly includable in the above functions.

13. Under Income Accounts:

a. Revise the heading and entire text of Account 501, Railway Operating Revenues, to read as follows:

501 Railway operating revenues.

This account is a summarization of Railway Operating Revenue Accounts 101 to 122. It excludes transfers from governmental authorities except when the transfer payment is for specific services for transporting property or persons by rail line other than commuter operations and local rail service subsidies granted under authority of the Railroad Revitalization and Regulatory Reform Act of 1976 [See Instruction 1-15(e)(2)].

b. Revise Notes A, B and C to Account 510, Miscellaneous Rent Income, to read as follows:

510 Miscellaneous rent income.

* * * * *

Note A.—Taxes on property the rent of which is creditable to this account shall be charged to account 64-61-00, Property Taxes.

Note B.—The rent from property carried in account 737, Property used in other than carrier operations, shall not be included in this account. Such rents shall be included in account 506, Revenues from property used in other than carrier operations.

Note C.—Rent and other income from real estate acquired for new lines or for additions and betterments shall be credited to the appropriate road and equipment accounts until the completion or coming into service of the property.

* * * * *

c. Revise paragraph (a) and Note A of Account 512, Separately Operated Properties; Profit, to read as follows:

512 Separately operated properties; profit.

(a) This account shall include amounts earned under the terms of agreements or contracts whereby the net income resulting from the operation by others or properties of other companies having a separate corporate existence is to be paid, in whole or in part, to the accounting company.

* * * * *

Note A.—The amount payable by the operating company shall be charged by it to account 550, Income Transferred under Contracts and Agreements.

* * * * *

d. Revise the heading and text of paragraph (a) of Account 518, Contributions from Other Companies, to read as follows:

518 Reimbursement received under contracts and agreements.

(a) This account shall include amounts received or receivable from other companies or individuals, representing the whole or a part of the net loss of the accounting company, when under the terms of agreements or contract, no obligation for subsequent reimbursement is incurred.

* * * * *

e. Revise Account 534, Expenses of Property Used in Other than Carrier Operations, to read as follows:

534 Expenses of property used in other than carrier operations.

This account shall include depreciation, rent, taxes, and other expenses incurred on property used in other than carrier operations.

Note.—If property for which rent expense is includable in this account is sublet, the rent from the sublease shall be included in account 506, Revenues from property used in other than carrier operations.

f. Remove Account 535, Taxes on Property Used in Other than Carrier Operations, and Account 543, Miscellaneous Rent Expense.

g. Revise paragraph (a) and Note A of Account 545, Separately Operated Properties; Loss, to read as follows:

545 Separately operated properties; loss.

(a) This account shall include amounts payable under the terms of agreements or contracts whereby the net loss resulting from the operation by others of properties of other companies having a separate corporate existence is to be paid, in whole or in part, by the accounting company.

* * * * *

Note A.—The amounts receivable by the operating company shall be credited by it to account 518, Reimbursements received under contracts and agreements.

* * * * *

h. Revise the text preceding the notes of Account 546, Interest on funded debt, to read as follows:

546 Interest on funded debt.

This account shall include the current accruals of interest on all classes of long-term debt, the principal of which is includable in accounts 765, Funded debt unmatured; 766, Equipment obligations; 767, Receivers' and trustees' securities; 768, Debt in default; and 769, Accounts Payable; affiliated companies.

* * * * *

i. Revise the first sentence of Account 547, Interest on unfunded debt, to read as follows:

547 Interest on unfunded debt.

This account shall include interest accrued on unfunded debt, such as short-term notes payable on demand or having maturity dates of one year or less from dates of issue, and open accounts, including discount and expense on demand and short-term loans, interest on receipts outstanding for installments paid on capital stock, interest on deferred payments for public improvements, interest on tax deficiencies, overcharge claims and court awards, and other analogous items. * * *

* * * * *

j. Revise the heading of Account 550, Income transferred to other companies, to read as follows:

550 Income transferred under contracts and agreements.

* * * * *

k. Revise paragraph (a) of Account 551, Miscellaneous income charges, to read as follows:

551 Miscellaneous income charges.

(a) This account shall include items, not otherwise provided for in the other income accounts. This includes:

Income tax on the interest on the accounting company's funded debt when these taxes are assumed by the company.

Payments of old accounts previously written off.

Penalties and fines for violation of the Interstate Commerce Act or other federal and state laws.

Loss on sale of securities carried as temporary cash investments.

Loss on sale of land used for transportation purposes and of noncarrier property.

Loss on sale of securities acquired for investment purposes, and charges to write down the ledger value of such securities because of impairment in their value.

Loss from company bonds reacquired.

Increases in the valuation allowance (contained within account 702) for the marketable equity securities included in current assets.

* * * * *

l. Revise paragraph (a) of Account 557, Provison for Deferred Taxes, to read as follows:

557 Provision for deferred taxes.

(a) This account shall include the net tax effect of all material timing differences [See definition 20(e)] originating and reversing in the current accounting period and the future tax benefits of loss carryforwards recognized in accordance with Instruction 1–10.

* * * * *

14. Under General Balance Sheet Accounts Explanations.

a. Revise the heading of Account 792, Liability for Conversion of Capital Stock, and add a sentence to the end of the text to read as follows:

792 Capital stock to be distributed.

* * * This account shall also include stock dividends declared that remain undistributed at the end of an accounting period.

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