unsatisfactory if the second stage is not conducted.

(6) The second stage shall be conducted in a manner identical to the first stage. The serial shall be evaluated according to stage two of the table. On the basis of accumulated results from the data of both stage tests, a serial shall either pass or fail the second stage.

Done at Washington, DC, this 18th day of March, 1987.

J.K. Atwell,

Deputy Administrator, Veterinary Services.

[FR Doc. 87-6231 Filed 3-20-87; 8:45 am]

BILLING CODE 3410-34-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 39

[Docket No. 86-CE-58-AD; Amendment 39-5585]

Airworthiness Directives; Mechanical Products 4001, 4200, 4310, and 8500 Series Circuit Breakers

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts a new Airworthiness Directive (AD), applicable to certain Mechanical Products, Inc., circuit breakers installed in any aircraft. The AD requires the removal from service of the applicable circuit breakers. This action is prompted by reports of electrical short circuiting within the circuit breakers which may cause loss of essential equipment, an electrical fire, or an electrical shock hazard on aircraft.

EFFECTIVE DATE: April 27, 1987.

Compliance: Required as indicated in the body of the AD, unless already accomplished.

ADDRESSES: Mechanical Products Service Instruction (identified on the back page with the date 10/86), applicable to this AD may be obtained from Mechanical Products, Inc., 1824 River Street, P.O. Box 729, Jackson, Michigan 49204; Telephone (517) 782-0391. This information may be examined at the Rules Docket, FAA, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

FOR FURTHER INFORMATION CONTACT: Mr. Donald P. Michal, FAA, Chicago Aircraft Certification Office, ACE-130C, 2300 East Devon Avenue, Des Plaines, Illinois 60018; Telephone (312) 694-7127.

SUPPLEMENTARY INFORMATION: A proposal to amend Part 39 of the Federal Aviation Regulations to include an AD requiring that certain applicable Mechanical Products circuit breakers be removed from service and returned to the manufacturer was published in the **Federal Register** on November 18, 1986 (51 FR 41638). The proposal resulted from a 1984 design change made to certain Mechanical Products 4001, 4200, 4310, and 8500 Series circuit breakers which inadvertently allowed an internal part to be assembled incorrectly, resulting in the possible rotation of the part which can cause a short circuit which may result in loss of essential equipment, an electrical fire, or an electrical shock hazard on aircraft.

Two field failures have been reported. One occurred during a pre-installation panel assembly test on a unit which had not been in service, and another failed in an airplane after approximately 250 flight hours and an estimated 200 manual actuations. The later failure caused an electrical arc between the circuit breaker and the airplane mounting panel of sufficient duration to melt the surrounding panel material.

Interested persons have been afforded an opportunity to comment on the proposal. Several commenters responded.

Three commenters suggested that the FAA had underestimated the time requirements and the total cost impact of the AD. The FAA does not fully concur with these comments. The estimate of 0.5 hour per unit for inspection and replacement contained in the proposal was an average based on the entire spectrum of civil aircraft which may vary from one unit to 400 units per aircraft. Number, location, arrangement, and accessibility of the circuit breakers in the aircraft will have a large effect on the per unit inspection and replacement time. Also, the Mechanical Products Service Instruction method of identifying suspect (or non-suspect) breakers from the front of the panel will reduce the inspection/replacement time on many aircraft. One commenter stated that a significant cost increase could be incurred if the inspection was done in accordance with the Mechanical Products Instructions. The FAA agrees with this comment if it is assumed that the "front of the panel" inspection does not eliminate any installed circuit breakers as being non-suspect. In this case, all breakers would then have to be re-inspected from the back of the panel. In response to this comment, the final rule has been revised to make the Mechanical Products Service Instruction an optional rather than a mandatory means of compliance.

One commenter compared this AD to two previous situations where the FAA considered rulemaking on circuit breakers then determined that rulemaking was unnecessary because of an ATA test program which showed that the risks involved did not warrant mandatory action. The FAA does not agree with this comment in that the previous situations concerned out of tolerance trip times as opposed to short circuiting, pertained only to aircraft which had upstream current limiting protection, were not used in essential circuits, and did not pose an electrical shock hazard. The final rule has not been withdrawn because of this comment.

One commenter stated that disturbing breaker panels and wire bundles could cause initially undetected damage to the panels and bundles and, therefore, be undesirable when inspecting for defective units, when less than 1% of them would be found to be bad. The FAA agrees that disturbing electrical wiring and components is not desirable, especially in older aircraft. It does not agree, in this case, that safety would be enhanced by not doing the behind the panel inspections required by the AD. The front of the panel inspections and showing compliance through the use of aircraft records were intended to minimize the disturbance of the panels and wire bundles. The final rule has not been changed because of this comment.

One commenter advised that the reject rate for suspect breakers has been confirmed at 0.2% by tests at Mechanical Products, Boeing, and McDonnell-Douglas, and that most ATA members are in the process of purging the air carrier fleet. The FAA considers this comment as informational only and thus would not affect the final rule.

One commenter advised that, except for 56 McDonnell-Douglas Model MD-80 airplanes which are likely to have installed suspect circuit breakers, most of the air carrier fleet has been voluntarily purged, and an AD would likely result in the removal of a few hundred more. The FAA agrees that voluntary efforts reported so far are encouraging, but concludes that an AD would have little impact on those who have participated in voluntary programs. There is no assurance to date, however, that the majority of aircraft owners/operators have participated in such programs, as evidenced by reports that less than 40% of the suspect breakers have been returned to Mechanical Products since their recall began in September 1986. The final rule has not been changed because of this comment.

One commenter cited several factors which serve to minimize risks involved with the defective circuit breakers; a short circuit would only occur when the breaker was manually opened in flight, a short circuit would melt and fuse in an open circuit mode without damage to wire, and a short circuit breaker would pose a shock hazard to personnel only as a secondary failure in association with a defective circuit breaker panel ground connection. The FAA does not fully agree with this comment. Test reports from Mechanical Products indicate that the short circuit will most likely occur upon closure of the breaker which occurs after a manual or electrical trip, and could happen on the ground or in flight. The FAA feels that the manual closure of a circuit breaker in an aircraft with its electrical system turned on is not an unusual occurrence and a shock hazard could be present if the circuit breaker is installed in a conductive panel with a faulty ground connection, or in a non-conductive/ungrounded panel, as is the case with the pilot's and co-pilot's circuit breaker panels in DC-10 airplanes. Test reports from Boeing indicate that Mechanical Products circuit breakers P/N 4310-002 Series will fuse open when subjected to a 500% or greater current overload, and that modern high performance electrical wire insulation will not be damaged in this situation. The FAA feels that the Boeing tests may not be applicable to this AD in that the circuit breakers tested are not affected by the AD and may be of a different internal design. Also, the majority of U.S. civil aircraft do not contain the high performance wire insulation materials currently used by Boeing. The field failure cited earlier in this AD wherein the circuit breaker melted the panel material before fusing open internally indicates a more serious hazard than the Boeing tests suggest. The final rule has not been changed because of this comment.

One commenter advised that ATA members have been removing the defective breakers from service for three months and will continue to do so. They feel that the risks do not justify an AD and the associated expense. The FAA does not agree with this comment. The voluntary efforts of ATA members serve to indicate their agreement that the suspect breakers should be identified and removed from the fleet. An AD would only make mandatory for all aircraft what ATA members are now doing. The final rule has not been changed because of this comment.

One commenter requested that the proposed AD be withdrawn and, if the FAA is concerned that the general aviation industry has not been voluntarily removing suspect breakers as have ATA members, that an AD be directed at general aviation (FAR 23) aircraft only, which also have less redundancy in their electrical systems. The FAA does not agree with this comment. Not all transport (FAR 25 and 29) aircraft owners/operators are ATA members. There is no evidence to date which indicates, for example, that business/corporate owners of FAR 25 airplanes operating under FAR Part 91 are participating in voluntary compliance efforts. The final rule has not been changed because of this comment.

Two commenters recommended that the compliance time be changed. A comment on behalf of ATA members stated that compliance time be extended to at least one year to lessen expenses to operators. Comments made on behalf of ATA members (discussed above) indicated that ATA members have voluntarily been removing suspect circuit breakers since October, 1986. The six-month compliance time required by this AD would effectively give all aircraft owners/operators until approximately September 1987 to comply. For ATA members, this would provide nearly the one year's time suggested, minimizing the expense of unscheduled inspections. The final rule will not be changed because of this comment.

The other comment concerning compliance time recommended that compliance be changed to 1,800 flight hours to allow operators to comply with the AD during their normal inspections, thus reducing overall economic impact. The example cited in the comment that Part 91 operators would accrue as little as 100 flight hours in a six-month period would give them nine years to comply with the AD. The FAA feels this is far too long a compliance time for the air safety risks involved. In September 1986, Mechanical Products notified all known purchasers of these circuit breakers in an effort to make the problem known and asked for a recall.

In October 1986, the FAA notified the various industry associations of the problem and the manufacturer's recall. It was hoped at that time that a voluntary purging of the civil fleet would negate the need for an AD. The return results to date of 38% indicate a need for mandatory rulemaking action. The six-month compliance time required by this AD will expire approximately September 1987, affording about half of the operators who have not participated in voluntary programs to coincide removal of the suspect breakers with annual inspections. Those who have participated voluntarily will likely have incurred a lesser economic burden. The final rule has not been changed because of this comment.

One commenter suggested that the AD be revised to allow compliance by a determination of records which would show that no suspect breakers were ever installed in the aircraft. The FAA agrees with this comment as evidenced by the wording in the proposed rule which intended that this be allowed. The final rule has been reworded for clarity as the commenter suggested.

One commenter suggested that the requirement in the proposed rule for returning suspect circuit breakers to the manufacturer be deleted. The FAA agrees with this comment at this point in time. The requirement was placed in the proposed rule to enhance the availability of replacement parts to the field. Since the proposed rule was published, it is estimated that the manufacturer has produced enough new units and tested returned units to assure an adequate supply to aircraft owners/operators. The final rule has been revised to make the return of suspect breakers optional rather than mandatory.

One commenter stated that the AD will be very difficult to comply with because it is unknown which airframe manufacturers may have installed the suspect circuit breakers and that the FAA should work toward identifying which aircraft may contain the defective breakers. Another commenter suggested that the FAA recommend to those aircraft manufacturers who installed suspect circuit breakers that appropriate service information be issued. The FAA disagrees with these comments. Regardless of whether or not suspect breakers have been installed by airframe manufacturers, a determination will have to be made that each civil aircraft is free of the suspect breakers which may have been installed during an aircraft modification or as a replacement part. The final rule has not been changed because of this comment.

One commenter agreed with the proposed rule but suggested that the two field failures cited were unusual situations. He then asked if it is likely that only low time circuit breakers would fail. The FAA's best information is that the breakers are likely to fail when they are either electrically or mechanically opened and then closed (reset), but it is now known how long a defective breaker could be operational before failure. The final rule has not been changed because of this comment.

One commenter stated that the log book of every civil aircraft would have to be reviewed to determine whether or not a circuit breaker had been replaced or added since July 23, 1984. The FAA does not agree in total with this comment. Log book examination is one way to comply with the AD. The other way is to physically inspect the circuit breakers in the aircraft in accordance with instructions in the AD or in accordance with the Mechanical Products Service Instruction referenced in the AD. The final rule has not been changed because of this comment.

One commenter suggested that an inspection of distributors' stock should be required by FAA. The FAA disagrees with this comment. To date, the best response to the Mechanical Products customer notifications and recall requests has been from distributors. The FAA is satisfied that distributor stock will be purged in a timely manner on a voluntary basis. In addition, in January 1987 the FAA published an Airworthiness Alert, AC No. 43-16, on this subject to further disseminate this information to FAA field offices. The final rule has not been changed because of this comment.

Accordingly, the final rule will reflect the changes heretofore noted.

The FAA had determined that approximately 163,000 circuit breakers of the type described in this AD could be used in commercial aircraft. Of the total 163,000 units, approximately 74,000 units were for civil aircraft customers, and 89,000 units went to distributors and had unknown destinations. Mechanical Products, Inc., has initiated a recall which has resulted in the return of approximately 38% of the units to date. The reject rate of returned units has been approximately 0.2%. The estimated time to inspect and replace each unit was 0.5 hour for an estimated cost, assuming $40 per hour, of $20 per unit. A total cost, based on 100,000 units still unaccounted for, is $2,000,000. The total cost of compliance with the AD is so small that the expense of compliance will not have a significant financial impact on any small entities using these circuit breakers.

Therefore, I certify that this action (1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act. A copy of the final evaluation prepared for this action is contained in the regulatory docket. A copy of it may be obtained by contacting the Rules Docket at the location provided under the caption "ADDRESSES".

List of Subjects in 14 CFR Part 39

Air transportation, Aviation safety, Aircraft, Safety.

Adoption of the Amendment

PART 39—[AMENDED]

Accordingly, pursuant to the authority delegated to me by the Administrator, the Federal Aviation Administration amends § 39.13 of Part 39 of the FAR as follows:

1. The authority citation for Part 39 continues to read as follows:

Authority: 49 U.S.C. 1354(a), 1421 and 1423; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983); and 14 CFR 11.89.

§ 39.13 [Amended]

2. By adding the following new AD:

Mechanical Products, Inc.: Applies to the following 4001, 4200, 4310, and 8500 Series circuit breakers:

Mechanical products designation	Military designation	Ampere rating	Date code
4001 Series	MS22073	1 thru 5	8501 thru 8636.
4200 Series	MS26574	½ thru 5	8430 thru 8636.
4300-001, -019 Series	MS3320	1 thru 5	8605 thru 8636.
8500 Series	(None)	1 thru 5	8514 thru 8636.

This AD does not apply to circuit breakers produced or installed prior to July 23, 1984, (the thirtieth week of 1984), or to circuit breakers which have been inspected by the manufacturer, found free of defect, marked with a white inverted Z or a T painted on the terminal end, and have an additional date code with an "R" prefex.

Note 1: As an aid in identification, the bodies of these circuit breakers are blue or black in color.

Note 2: The date codes listed above are used to identify the year and week of manufacture; i.e., 8430 indicates the thirtieth week of 1984, and 8636 indicates the thiry-sixth week of 1986. These date codes may be found on the top, side, or bottom of the circuit breakers.

Note 3: As an example, the unit may have the additional date code of R8642, where "R" designates a retest by Mechanical Products, 86 indicates the year 1986, and 42 indicates the 42nd week of 1986.

Compliance: Required as indicated after the effective date of this AD. To prevent possible loss of essential equipment, electrical fire, or electrical shock hazard on aircraft, accomplish the following:

(a) Within six months after the effective date of this AD, accomplish the following:

(1) Visually inspect for installation in aircraft of any of the applicable circuit breakers and prior to further flight remove all units from service, or

(2) Visually inspect for installation in aircraft of any of the applicable circuit breakers in accordance with the instructions contained in Mechanical Products Service Instruction (identification on the back page with the date 10/86) and, prior to further flight, remove all units from service, or

(3) Determine that none of the applicable circuit breakers are installed in aircraft by an examination of maintenance and/or purchasing records.

Note.—Return of all affected circuit breakers to Mechanical Products, Inc., 1824 River Street, P.O. Box 729, Jackson, Michigan 49204, is recommended and may enhance replacement part availability.

(b) Aircraft may be flown in accordance with FAR 21.197 to a location where the AD may be accomplishd.

(c) An adjustment to the compliance time or an equivalent means of compliance with this AD may be used if approved by the Manager, Chicago Aircraft Certification Office, ACE-115C, 2300 East Devon Avenue, Des Plaines, Illinois 60018.

All persons affected by this directive may obtain copies of the document(s) referred to herein upon request to Mechanical Products, Inc., 1824 River Street, P.O. Box 729, Jackson, Michigan 49204; or may examine the document(s) referred to herein at FAA, Office of the Regional Counsel, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106.

This amendment becomes effective on April 27, 1987.

Issued in Kansas City, Missouri, on March 12, 1987.

Kenneth E. Geier,
Acting Director, Central Region.

[FR Doc. 87-6136 Filed 3-20-87; 8:45 am]

BILLING CODE 4910-13-M

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14 CFR Part 71

[Airspace Docket No. 87-ANM-1]

Alteration of Troutdale Control Zone, Troutdale, OR

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action revises the Troutdale, Oregon, Control Zone by reducing the size of controlled airspace for the Portland-Troutdale, Oregon, Airport to ease the burden imposed by controlled airspace to visual flight rules operations.

EFFECTIVE DATE: 0901 UTC, June 4, 1987.

FOR FURTHER INFORMATION CONTACT: Robert L. Brown, ANM-534, Federal Aviation Administration, Docket No. 87-ANM-1, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168, Telephone: (206) 431-2534.

SUPPLEMENTARY INFORMATION:

History

On January 26, 1987, the FAA proposed to amend Part 71 of the Federal Aviation Regulations (14 CFR Part 71) to reduce the size of controlled airspace designated for the Portland-Troutdale Airport (52 FR 2722). This action will reduce the burden imposed by controlled airspace to visual flight rules operations.

Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal were received. Except for editorial changes, this amendment is the same as that proposed in the notice. Section 71.171 of Part 71 of the Federal Aviation Regulations was republished in Handbook 7400.6C dated January 2, 1987.

The Rule

This amendment to Part 71 of the Federal Aviation Regulations reduces the size of controlled airspace designated for the Portland-Troutdale, Oregon, Airport to ease the burden imposed by controlled airspace to visual flight rules operations.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in CFR Part 71

Aviation safety, Control zones.

Adoption of the Amendment

PART 71—[AMENDED]

Accordingly, pursuant to the authority delegated to me, Part 71 of the Federal Aviation Regulations (14 CFR Part 71) is amended as follows:

1. The authority citation for Part 71 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

§ 71.171 [AMENDED]

2. Section 71.171 is amended as follows:

Troutdale, Oregon, [Revised]

Within a 5 mile radius of the Portland-Troutdale Airport (lat. 45°33'30" N, long. 122°23'49" W), excluding the portion within the Portland, Oregon, Control Zone. This control zone is effective during the specific days and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Airport/Facility Directory.

Issued in Seattle, Washington, on March 10, 1987.

Temple H. Johnson, Jr.,

Manager, Air Traffic Division, Northwest Mountain Region.

[FR Doc. 87-6139 Filed 3-20-87; 8:45 am]

BILLING CODE 4910-13-M

Research and Special Programs Administration

14 CFR Part 241

[Docket No. 43351; Amendment No. 241-56]

Aviation Economic Regulations; Uniform System of Accounts and Reports for Large Certificated Air Carriers

AGENCY: Department of Transportation, Research and Special Programs Administration.

ACTION: Final rule.

SUMMARY: This final rule reduces for large certificated air carriers the financial and statistical reporting requirements contained in RSPA Form 41 "Report of Financial and Operating Statistics for Large Certificated Air Carriers," by eliminating three schedules and significantly decreasing the level of detailed air carrier operating expenses reported on Form 41. This action aligns the data collected with the data needed by the Department to fulfill its aviation responsibilities.

EFFECTIVE DATE: July 1, 1987.

FOR FURTHER INFORMATION CONTACT: Jack M. Calloway or M. Clay Moritz, Jr., Office of Aviation Information Management, DAI-1, Research and Special Programs Administration, Department of Transportation, 400 Seventh Street, SW., Washington, DC 20590, (202) 366-4385 or 366-4383.

SUPPLEMENTARY INFORMATION:

Background

In a notice of proposed rulemaking issued August 15, 1985, the Department proposed to reduce the reporting requirements contained in Part 241 of its Economic Regulations (Notice 85-11, 50 FR 34366, August 23, 1985). This proposal was intended to reduce the level of financial and statistical data collected from large certificated air carriers by aligning the collection with the information the Department requires to effectively and efficiently administer its incumbent aviation responsibilities as well as those recently inherited from the Civil Aeronautics Board.

Essentially, the Department proposed to:

1. Eliminate Form 41 Schedule G-41 "Persons Holding More Than 5 Percentum of Respondent's Capital Stock or Capital,"

2. Reduce significantly the level of detailed operating expense data reported on Form 41 Schedules P-6 "Maintenance, Passenger Service and General and Administrative Expense Functions," P-7 "Aircraft and Traffic Servicing, and Promotion and Sales Expense Functions—Group II and Group III Air Carriers," and P-8 "Aircraft and Traffic Servicing, and Promotion and Sales Expense Subfunctions—Group III Air Carriers," by eliminating Schedule P-8 and collecting more highly summarized data on revised Schedules P-6 and P-7, and

3. Reduce the amount of data reported on several of the remaining Form 41 schedules.

The above reporting reductions were based on a zero base review of the Department's need for the Form 41 data collection which was transferred to DOT on January 1, 1985, following the sunset of the Civil Aeronautics Board. In order to identify the underlying rationale of the Department's need for and use of the data contained in the current twenty-eight Form 41 schedules, detailed review meetings were held with senior aviation program managers in DOT's Office of the Secretary, Office of the General Counsel, and Federal Aviation Administration. Interviews were also conducted with the various DOT staff members that use Form 41 in administering various Departmental aviation programs. This process culminated in the Department's issuance of the proposed rule.

In drafting the notice of proposed rulemaking, Form 41 data users were asked to indicate what information is currently needed, what information is absolutely necessary to carry out their program, and how the information is used. The various interviewees were not questioned whether the data used are in fact necessary to carry out the program in a policy sense.

Form 41 Task Force

This policy aspect of the data collection was subsequently addressed by a Form 41 task force. The task force was organized by the Administrator, Research and Special Programs Administration under the auspices of the Secretary. It was comprised of representatives from the Research and Special Programs Administration's Office of Aviation Information Management and the Office of the Secretary's Office of the General Counsel and Office of the Assistant Secretary for Policy and International Affairs. The task force was charged with examining whether the Form 41 data which the Departmental program managers consider necessary are in fact necessary in a policy sense to carry out the program, and to determine whether there are alternative data sources or alternative program approaches that would negate the need for Form 41 collections.

The task force conducted in-depth interviews of senior DOT policy level officials who are charged with administering the Department's various aviation responsibilities. During the interviews the task force thoroughly explored and questioned the Department's need to continue the post sunset collection from large certificated air carriers of information on (1) domestic operations and (2) international operations by geographic entities: Atlantic, Pacific and Latin American. The task force also questioned the need to continue recurrent reporting of air carrier financial and statistical data and analyzed the availability and utility or alternative sources of data. Finally, the task force examined the data collection frequencies of each Form 41 schedule to ensure that collection intervals are based on a valid regulatory requirement.

This review determined that present DOT program approaches are necessary and the Form 41 data collection should be continued because there are no viable alternative sources. Specific findings of the task force are reflected in the following discussion of the proposed rule and public comment submissions.

Comments

Fifteen comments were received in response to the rulemaking notice. Of the fifteen, four were from Federal agencies [1], three from airlines trade associations [2], two from certificated air carriers [3], two from airline labor organizations [4], and one each from Air Canada, Aerospace Industries Association of America, Inc. Airport Operators Council International, and Systems Analysis and Research Corporation. The Air Transport Association's comments were filed on behalf of nineteen member airlines.[5] The Regional Airlines Association's (RAA) comments were filed on behalf of its members holding certificated authority who file Form 41 data with the Department. The National Air Carrier Association filed comments on behalf of two of its member airlines; Transamerica Airlines and World Airways.

While the Federal Aviation Administration, Regional Airline Association, and the Airport Operators Council International support the proposed reporting reductions, the remainder of the comments generally object to the proposed changes in air carrier operating expense reporting and/or suggest certain other modifications to Form 41 reporting. These objections and modifications are discussed under separate captions below.

Need for Form 41 Data

The Air Transport Association (ATA), Northwest Airlines (Northwest) and United Air Lines (United) have expressed certain fundamental concerns over the continuation of Form 41 as proposed. ATA commented that the nineteen member airlines it has filed for object to reporting information beyond the minimum required by DOT to perform its statutory responsibilities. While Northwest commented that it supports, as a minimum, ATA's comments, the carrier goes on to state that it believes there is no longer a need for data on the domestic operations of large certificated air carriers as currently reported on Form 41. Besides participating in ATA's comments, United also urges the Department to re-examine all Form 41 date elements for the rationale supporting their collection. United further states that only those data elements required because of international treaty, statutory requirements or foreign policy should be reported.

The Department believes that these concerns over the relationship between the amount of data collected and the minimum amount of data it needs to administer its aviation responsibilities have been effectively addressed by the Department's review that preceded issuance of the proposed rule and by the substantial efforts of the previously mentioned Form 41 policy task force. The task force worked with senior policy officials from each of the Department's aviation programs to determine the mininum data requirements of each program. The task force found that the effective administration of the Department's aviation responsibilities requires the continuation of a recurrent Form 41 data collection. The task force also found that data on air carrier domestic operations are an integral part of aviation program administration. Evaluations and analysis of the status of individual air carriers and the overall air transportation industry would be impossible without domestic information. This is especially true in the Department's administration of its airport program responsibilities which affect domestic airports. As examples, domestic data are used to evaluate the reasonableness of carrier cost allocations between entities in setting international fares and rates and to allocate entitlement funds under the Airport Improvement Program to operators of primary airports.

In its comments, ATA questioned the inclusion of the Aircraft Loan Guarantee and the Essential Air Service programs as requiring Form 41 data. ATA further stated that neither of these programs can justify the collection of Form 41 data from all large certificated air carriers. The Form 41 task force reached a similar conclusion. Neither of these programs has a recurrent need for universal Form 41 data and each could continue without its collection. While both programs do,

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[1] Department of Defense, Military Airlift Command; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics and Department of Transportation, Federal Aviation Administration.

[2] Air Transport Association of America, National Air Carrier Association, Inc., and Regional Airline Association.

[3] Northwest Airlines, Inc. and United Air Lines, Inc. (United was also listed as concurring carrier with the comments filed by the Air Transport Association).

[4] Airline Pilots Association, International and Association of Flight Attendants, AFL-CIO.

[5] Alaska Airlines, Inc.; Aloha, Inc.; American Airlines, Inc.; Braniff, Inc.; Continental Airlines; Delta Air Lines, Inc.; Eastern Air Lines, Inc.; The Flying Tiger Line; Frontier Airlines, Inc.; Midway Airlines; Ozark Airlines, Inc.; Pacific Southwest Airlines; Pan American World Airways, Inc.; Piedmont Aviation, Inc.; Republic Airlines; Trans World Airlines, Inc.; United Air Lines, Inc.; USAir, Inc. and Western Air Lines, Inc.

on occasion, use certain Form 41 data for a limited number of carriers, this use does not warrant an industry-wide recurrent reporting requirement. Nevertheless, the remaining Departmental aviation program overwhelmingly support the Form 41 data requirements. Exhibit A to this rule indicates the task force's recent determination of which DOT programs now require the continued collection of Form 41 along with the specific schedules used. Also indicated are whether the program requires data on domestic operations, international operations by entity or total system operations.

As mentioned above, United commented that the Department should collect only those data elements required because of international treaty, statutory requirements or foreign policy. United further stated that the proposed rule did not state specifically any legal right to collect Form 41 data. As an example, United questions the Federal Aviation Administration's (FAA) use of carrier financial information in allocating safety inspection resources. The carrier considers that this may be a reasonable use of the data but believes the data are not required for that purpose.

The Department outlined in the proposed rule its legal right to collect Form 41 by pointing out that among the duties of the Secretary, DOT, contained in section 329(b) of Title 49 of the United States Code is the collection and dissemination of information on civil aeronautics. The rule further pointed out that the Secretary is specifically authorized under section 407(a) of the Federal Aviation Act of 1958, as amended, to require recurrent and special reports from any air carrier when the information is needed for regulatory purposes. This provision enables the Secretary to collect the aviation data that the Department requires to effectively administer its assigned aviation responsibilities. As to United's second question concerning the FAA's use of financial information in its air carrier safety program, the FAA has studied the relationship between a carrier's financial position and its safety record and found that there is a correlation between the two.[6] As a result, FAA uses air carrier financial information as one of several monitoring and predictive factors in the Department's safety program. As United suggested, this illustrates that the Department has focused its attention on the *need* for Form 41 data and not on the convenience of its use.

United also asserts that the Department, in conducting international negotiations and selecting carriers to serve international routes, does not need the Form 41 data used for these purposes on a recurrent basis and from all carriers. For example, United suggests that data be collected on an *ad hoc* basis before entering into international negotiations and then only from carriers wanting to serve the foreign country involved.

When international negotiations are conducted, the Department calculates the current and projected balance of benefits between the countries involved. Once an agreement is reached, the Department monitors the affects of each negotiated agreement by examining changes in the balance of benefits. In selecting carriers for international route authority, the Department uses historical applicant data (when available) and industry data to verify the reasonableness of operating cost proposal contentions such as that fuel costs will be a certain percentage of operating expenses. To do these analyses, the task force found that the Department requires recurrent Form 41 data.

Aircraft Inventory Data

ATA, in its comments, suggests using the FAA aircraft registration file in lieu of collecting aircraft inventory data on annual Schedule B–43 "Aircraft Inventory Data." This alternative has been previously considered, but was explored again by the task force and ultimately rejected because FAA's aircraft registry provides information on who owns the aircraft, but not necessarily who operates it. The registry does not identify the operators of aircraft obtained under an operating, capital or sub-lease arrangement. The FAA data also does not provide a breakdown between operating and nonoperating aircraft. These aircraft inventory categories enable the Department to evaluate individual air carrier fitness by facilitating reviews of carrier operating plans and aircraft fleet utilization.

As indicated in the proposed rule, the FAA uses Schedule B–43 in administering the War Air Service Program (WASP), which requires the maintenance of an inventory of the total available airlift capacity for each large certificated air carrier. Over the years, the FAA has used Form 41, not the aircraft registry, for information on specific air carrier fleet composition.

In order to maintain a reasonably current aircraft inventory, Form 41 Schedules B–7 "Airframes and Aircraft Engines Acquired" and B–8 "Flight Equipment Retired" provide quarterly updates of the annual Schedule B–43 inventory by providing data on aircraft acquisitions and retirements.

Beyond its suggestion that the FAA aircraft registry be used in lieu of Schedule B–43, ATA has questioned the need for collecting aircraft cost, depreciation, residual value and estimated useful life data on Schedule B–43. ATA also questioned the need for cost and cost/depreciation data on Schedules B–7 and B–8, respectively. Schedules B–7, B–8 and B–43 cost data are used in (1) analyzing the reasonableness of carrier operating plans for international route authority by reviewing aircraft utilization and depreciation rates and (2) computing a carrier's investment base in setting international and intra-Alaska mail rates.

ATA has stated that the Department should consider making Schedules B–7 and B–8 annual instead of quarterly and combining both schedules with the annual inventory data reported on Schedule B–43. This option was specifically addressed by the task force in reviewing the Department's need for aircraft inventory data.

Essentially, the task force concluded that the Department needs to maintain an up-to-date inventory of the aircraft fleet operated by each large certificated air carrier. For example, WASP utilizes the inventory of aircraft capacity operationally controlled by each carrier to develop plans for allocating civil air transport, by individual aircraft, in the event of a national emergency. Under WASP, each aircraft is inventoried and tracked by airframe license number. Quarterly reporting is required to maintain a reasonably current inventory data base. In emergency planning, the timeliness of the data is critical. ATA's suggestion that airframes be reported in aggregate rather than by license number is negated by the need for individual airframe license numbers.

The Department did, however, take a second look at the overall aircraft inventory reporting system and determined that additional reductions in reporting burden can be achieved by consolidating Schedules B–7 and B–8. This would enable air carriers to report airframe and aircraft engine acquisitions and retirements on a single schedule and eliminate the filing of a schedule. A copy of the revised Schedule B–7 is provided as Exhibit B to this rule.

[6] National Air Transportation Inspection Program, March 4, 1984—June 5, 1984. Report for the Secretary, Federal Aviation Administration, pps. 31–32.

Operating Expense Reporting (Schedules P–6, P–7 and P–8)

The Department has proposed to reduce the operating expense detail reported on Schedules P–6, P–7 and P–8, since that level of detail is no longer needed, by summarizing and consolidating these schedules into revised Schedules P–6 "Operating Expenses by Objective Groupings" and P–7 "Operating Expenses by Functional Groupings—Group III Air Carriers." While the Regional Airline Association's (RAA) comments supported this reduction, ATA, National Air Carrier Association (NACA), Department of Defense, Military Airlift Command, Airline Pilots Association, and the Association of Flight Attendants have filed comments objecting to the changes.

In general, ATA and NACA object to the proposed changes as being too burdensome. In particular, they stated that the cost allocations required to consolidate operating expense data for submission in the revised format would actually increase reporting burden. ATA has also expressed its concern that the required allocations would adversely affect the comparability of Form 41 data between air carriers.

The Department acknowledges that there is a burden associated with any change in reporting; however, once the system is established, the overall reporting burden should actually decrease since the allocations involved do lend themselves to standardized processing routines and a resulting computerization. It should be kept in mind that the changeover eliminates Schedule P–8, one of the current detailed operating expense schedules.

As to comparability between carriers, the Department believes that the proposed P–6 and P–7 schedules would not materially affect carrier comparisons. Of the two schedules, the allocation of operating expenses applies only to Schedule P–7, which is applicable only to the twenty-four Group III (largest) air carriers. Six of these carriers did not object to the proposed simplified reporting. As a group, the accounting systems of these carriers are automated and in some cases more detailed than the Department's prescribed uniform system of accounts for large certificated air carriers. Because of this, a number of the allocations are based on expenses that can be directly assigned or are directly attributable to a specific service (such as passenger or cargo service) based on the carrier's own detailed system of accounts. This allocation methodology is intended to enable carriers to rely on their own accounting systems for providing the operating expense data needed by the Department. This reliance on carrier accounting systems should result in a more accurate portrayal of actual carrier expenses by functional expense grouping.

The Department has decided to finalize the changes to Schedules P–6 and P–7 and eliminate Schedule P–8 as proposed, because the Department, in fulfilling its aviation responsibilities, does not have a need for the level of detailed operating expense data currently reported; the fact that no Group I or Group II air carrier (except for Aloha and Midway Airlines that concurred in ATA's comments) that would be affected by the proposed revisions has filed comments objecting to the changes; and the fact that the RAA, on behalf of its large certificated air carrier members, filed comments supporting the proposed changes.

In deciding to finalize the proposed revision of operating expense reporting, the Department notes that its semiannual regulatory agenda (51 FR 38736, October 27, 1986) included a projected notice of proposed rulemaking to more closely align the airline uniform system of accounts contained in Part 241 of its Economic Regulations (14 CFR Part 241) with generally accepted accounting principles. This rulemaking could result in a less detailed system of accounts which could, in turn, affect the degree to which account totals are used as specific financial data elements in the Form 41 report.

Recognizing that a significant number (18 of 24 or 75%) of Group III air carriers have objected, on the basis of increased burden, to the Schedule P–6, P–7 and P–8 simplifications and reporting reductions, the Department will, until the projected accounting system revisions are finalized, look favorably upon requests from Group III air carriers for a waiver from the revised Schedules P–6 and P–7 reporting. In lieu of the revised reporting, such carriers would continue their present level of reporting. It is important to note that such waivers may be affected by the Department's above mentioned review of the uniform accounting system.

Since not all carriers may choose to revise their reporting at the same time, a problem will arise as to data comparability during this interim period. In order to maintain comparability among individual carriers, the Department will, for those carriers granted waivers, generate the revised Schedule P–6 and P–7 formats from data submitted in the old Schedule P–6, P–7 and P–8 reports. This generation would be accomplished using the Version 6 costing methodology development in the fare level phase of the Domestic Passenger Fare Investigation (Civil Aeronautics Board Docket 21866–7). This methodology is fully supported by independent research and study and geared specifically to the expense data available in the RSPA Form 41 Report. The methodology was developed after an extensive review of all major existing and relevant costing methodologies. The cost/volume relationships selected are common to many other methodologies. Moreover, the validity of the cost/volume relationships selected rests on the fact that these relationships are logical, proper and fully supportable in their own right.

While the costing methodology was initially developed in the era of stringent regulation of the air transportation industry, it remains valid and essential in today's changed regulatory environment. For example, Version 6 costing is used for estimating carrier operating expenses in: (1) Calculating the balance of benefits of international agreements, (2) reviewing carrier applications for international routes, (3) calculating costs of service in evaluating and setting international fares and rates, and (4) preparing airline financial status reports for senior Department officials. This last usage is extremely important because the airline industry is involved in a period of rapid structural change.

Group III carriers that decide to request a waiver from the Schedule P–6, P–7 and P–8 reporting changes should be aware of the fact that the use of the Version 6 costing methodology to generate revised Schedule P–7 will not produce any data on lines 17 (not directly assignable traffic servicing expenses), 22 (not directly assignable reservation and sales expenses) and 27 (institutional advertising expenses). This happens because the revised Schedule P–7 contains a number of cost allocations that are based on the reporting carrier's assignment of costs within its own detailed accounting system. Recognizing that a carrier may not be able to directly assign a particular expense to either passenger or cargo service, the revised Schedule P–7 was designed to handle such situations. When the Version 6 methodology is used, all costs (traffic servicing, reservation and sales, etc.) will be allocated to either passenger or cargo, resulting in the absence of "not directly assignable" expenses.

To assist air carriers in making the changeover from the current level of operating expense reporting to the revised Schedule P–6 and P–7 level, Exhibit H to this rule is an Instructional

Directive that provides detailed instructions for accomplishing this conversion.

In view of the above discussion and the fact this final rule does represent a significant change in the reporting of air carrier operating expenses, the Department plans to re-explore in the future the methodology of collecting such data for the purpose of identifying any additional data consolidations or simplifications that may be possible.

In a related matter, ATA commented that the breakdown of operating expenses between passengers and baggage and cargo is burdensome and unnecessary. It is assumed that the "traffic servicing expense" category on revised Schedule P-7 is the one to which ATA's comment applies since it is the only category that breaks down expenses between passenger and baggage and cargo.

The allocation of traffic servicing expenses in this manner enables the Department to analyze the costs of service in the provision of passenger and baggage and cargo service. The ability to analyze the cost of service is important for a number of the Department's aviation programs. For example, being able to distinguish between passenger and baggage and cargo operating costs is necessary in order to establish international passenger fares and cargo rates. It is also important in investigating allegations of predatory pricing in domestic and international markets.

Finally, the allocation of costs in this manner is consistent with: (1) The current reporting of operating expenses between passenger and cargo on Schedules P-7 and P-8 and (2) the Version 6 costing methodology.

Operating Expense Reporting (Schedule P-5.2)

The Department has proposed to reduce the level of detailed aircraft operating expense data that carriers are required to report on Schedule P-5.2. Significant reductions were proposed in the area of flying operations (Account 5100). Aircraft operating expenses are an integral part of an air carrier's total operating expenses and, as such, are: (1) Allocated within the operating expense categories included on the revised Schedule P-6 and (2) included in total as a single line item on the revised Schedule P-7.

The Department has decided, for the present time, to continue essentially the current level of reporting on Schedule P-5.2, except for the elimination of the distinction between general services purchased (airframe repairs, aircraft engine repairs and interchange charges) from associated companies (Accounts 42.1, 42.2 and 42.7) and outside companies (Accounts 43.1, 43.2 and 43.7). In order to give Group III carriers the option of filing either the current Schedules P-6, P-7 and P-8 or the revised Schedules P-6 and P-7, the Department has to have the more detailed aircraft operating expense data, which are required by the Version 6 costing methodology. ATA concurred with this change in its comments.

Besides revising the format of Schedule P-5.2, the Department has included in the final rule ATA's suggestion that the uniform system of accounts be revised to eliminate the accounts for airframe repairs, engine repairs and interchange services purchased from associated companies. This change revises the accounting system to coincide with the Schedule P-5.2 format changes.

It should be noted that the Department's decision to basically retain the present Schedule P-5.2 level of reporting will render moot the objections of the Aerospace Industries Association, ATA, Association of Flight Attendants, Airline Pilots Association, Military Airlift Command and NACA to the proposed changes. These organizations objected to the changes based on their own use of and perceived need for Schedule P-5.2 data.

To maintain continuity in the uniform system of accounts, the final rule also revises the accounting system by eliminating the distinction between flight equipment repairs and other services purchased from associated and outside companies (accounts 42.6/43.6 and 42.9/43.9, respectively).

While this final rule reduces the present level of reporting on Schedule P-5.2, the Department does plan, however, to further review its need for continuing the collection of detailed aircraft operating expense data. This review would be concurrent with the above-mentioned re-examination of operating expense reporting on Schedules P-6 and P-7. This will enable the Department to perform a complete analysis of its use of air carrier cost data in administering its aviation responsibilities.

Income Statement, Employment and Fuel Data

ATA stated that carriers are opposed to reporting monthly financial statement data on Schedule P-1(a) "Interim Operations Report" unless the carrier also releases its monthly results to the public. ATA further commented that the employment data on Schedule P-1(a) should be reported quarterly on Schedule P-1.2 "Statement of Operations" so that it can be available to the public and deleted from Schedule P-1(a) if the monthly reporting is continued.

The Department has decided not to adopt either of these suggestions. Schedule P-1(a) contains six key financial indicators: total operating revenues, total operating expenses, operating profit or loss, net income, scheduled passenger revenues and subsidy. This information is required to monitor the continuing fitness of air carriers. The data are also used in FAA's safety surveillance program to monitor carrier financial condition as one element in allocating the safety inspection program resources.

As to employment data, the Department is required under the employee protection program to determine whether a major contraction in air carrier employment has occurred within a twelve-month period. The Department looks at the current month and preceding eleven months in assessing whether a major contraction has occurred. In order to make this determination, monthly reporting of employment data is required. It should be noted that the continued collection of monthly employment data on Schedule P-1(a) will result in the same degree of public availability that would be provided by ATA's alternative since Schedule P-1(a) is made publicly available once the quarterly Schedule P-1.2 is filed or is due to be filed.

In a related matter, the Department has reviewed the employment data collected on Schedule P-10 "Employment Statistics by Labor Category" to determine whether its aviation programs still require the collection of labor categories by functional account. For example, passenger handling personnel (account 26.3) are reported based on the following functional accounts: (1) Traffic servicing (account 6226.3), (2) aircraft and traffic servicing (account 6426.3), (3) reservations and sales (account 6526.3) and (4) promotion and sales (account 6726.3). Each of these functional accounts (6200, 6400, 6500 and 6700) is based on the Department's uniform air carrier accounting system for Group I, Group II and Group III air carriers. Accounts 6400 and 6700 apply to Group II air carrier and accounts 6200 and 6500 apply to Group III air carriers.

It has been determined that there is no longer a need for requiring air carriers to report employee labor categories by function for the following categories: (1) General aircraft and traffic handling personnel (2) aircraft control personnel, (3) passenger handling personnel and (4) cargo handling personnel. This final rule eliminates the functional categorization of each of these labor categories. The rule also combines the reporting of account 24 "other flight personnel" for functions 5500 "passenger service" and 6900 "general services and administration". For its internal control purposes, the Department has assigned "account" numbers to each line item on Schedule P–10. This numbering of the lines has no effect on the Department's Uniform System of Accounts and, therefore, results in no burden impact on the reporting air carriers. The revised Schedule P–10 is provided as Exhibit C to this rule.

ATA also questioned the Department's need for collecting monthly fuel cost and consumption data by type of service and entity. The Airline Deregulation Act of 1978 (Pub. L. 95–504) requires the Department to adjust the Standard Foreign Fare Level for fuel cost not less than every sixty days. Quarterly reporting would not enable the Department to meet its statutory responsibilities in this area. The ability to make timely fare adjustments also enables carriers to more quickly adjust fares to changes in costs.

Reporting of Mail Transported

ATA stated in its comments that it believes that there is no longer a need to continue separate priority and nonpriority mail classifications for reporting the volume of mail transported on Schedules T–1(a), T–1(b), T–1(c), T–3(a) and T–3(c) since the U.S. Postal Service has discontinued the airmail rate for domestic mail. While ATA's observation is true regarding the transportation of domestic mail by air, the categories of priority and nonpriority are used for setting intra-Alaska and international (by geographic entity) mail rates, which the Department is responsible for administering. Based on this usage, carriers should, for reporting purposes, categorize U.S. mail in the domestic entity, except intra-Alaska mail, as "priority" mail. The Department's need for the separate reporting of priority and nonpriority U.S. mail in the international entities is currently under examination, the results of which will be included in a forthcoming notice of proposed rulemaking.

Schedule Formats

In a general comment, ATA noted that if the Form 41 schedules were formatted for standard size paper, 8½ by 11 or 14 inch, and if the Department would eliminate its requirement to use preprinted forms and instead allow computer printouts, a significant amount of Form 41 reporting could be accomplished using personal computers with an accompanying reduction in the recordkeeping, preparation and reporting burden.

First of all, the Department's regulations do provide in section 21(e) of Part 241 that air carriers, upon DOT approval, may supply their own computer prepared forms. The authority to grant such approval has been delegated to the Director, Office of Aviation Information Management, Research and Special Programs Administration under § 385.27(1) of the Department's regulations (14 CFR Part 385.27(1)).

At the present time, the majority of the Group III air carriers have already availed themselves of the opportunity to request approval of their own computer-generated report forms and are filing such forms in lieu of several of the Department's preprinted Form 41 statistical schedules.

As suggested by ATA, the Department has attempted, wherever possible, to standardize the size of the report forms; however, several schedules do not lend themselves to downsizing due to the volume of information that is required. It should be pointed out the preprinted Form 41 schedules are somewhat oversized to permit hole punching for placement in binders for user access. Evidence of the Department's efforts in this area is its proposal to reduce the detailed operating expense data collected from large certificated air carriers, with an accompanying significant reduction in schedule size.

Transmission of Data

Besides downsizing the Form 41 schedules, the Department is exploring the possibility of accepting computer-generated floppy disks in lieu of the hardcopy Form 41 schedules. In the future, the Department plans to actively review the feasibility of introducing electronic data transmission of Form 41 data as an alternative reporting method. The Department believes both initiatives have the potential for significantly reducing carrier burden.

A pilot project is currently being organized to test the feasibility of submitting Form 41 schedules on floppy disks. Volunteer carriers are being solicited for this project. Interested carriers should write to Mr. Robin Caldwell, Director, Office of Aviation Information Management, DAI–1, RSPA, at the address listed in the "For Further Information Contact" section of this rule. Mr. Caldwell can also be contacted by telephone on (202) 366–9059.

Preliminary Year-End Form 41 Schedules

Under current regulations (14 CFR 241.22(b)(1)), carriers are given the option of filing a preliminary balance sheet and income statement for the final quarter or semi-annual period of the calendar year by February 10 and being granted an extension to March 30 for filing their final quarter or semi-annual Form 41 Schedules B–1, B–1.1, B–7, B–8, B–12, P–1.1, P–1.2, P–2, P–5.1, P–5.2, P–6, P–7, P–8 and P–10, which are due by February 10.

ATA has commented that air carriers consider the requirement for filing preliminary schedules to be onerous and that the end of calendar year due dates should recognize year-end closing requirements and allow reporting 90 days after close of the year. The purpose of the above option is to minimize the reporting burden on the carriers in recognition of the year-end closing requirements and still provide the Department with the timely preliminary information it needs to administer its program responsibilities. As noted, carriers need only file two preliminary schedules to extend the due dates for fourteen schedules. The Department believes this is a reasonable balance between its information needs and carrier burden.

Other Federal and Private Sector Users of Form 41 Data

The Department of Commerce's Bureau of Economic Analysis (BEA) and Department of Labor's Bureau of Labor Statistics (BLS) commented that they use Form 41 data to represent the activity levels of the air transportation industry in preparing various economic analyses including the preparation of monthly personal outlays, quarterly and annual Gross National Product (GNP), annual constant-dollar GNP by industry, international transactions accounts, and input-output tables of the United States. Both BEA's and BLS' comments identified the specific Form 41 data that are used in the above analyses.

Both BEA's and BLS' data requirements have been reviewed and found, with one exception, not to be among the Form 41 data proposed for elimination. The one exception is the reporting of whether a particular aircraft acquisition on Schedule B–7 is new or used. BEA stated that it needs this information for calculating a price index for purchased aircraft which it uses to deflate several components of the GNP. It has been determined that this information can be discovered by analyzing the cost of the acquisition and from whom it was acquired, both of which will still be reported on Schedule B-7. When a question does arise, the affected air carrier can be contacted directly. In summary, the Department believes that neither BEA nor BLS will be adversely affected by this final rule.

On the other hand, the Department of Defense's Military Airlift Command (MAC) has commented that the Form 41 data represent, in many instances, its only means of verifying carrier cost data to determine fair and reasonable rate levels for military charters. While the Department's decision to modify its proposed revision of Schedule P-5.2 in this final rule would continue the collection of the aircraft operating expense data MAC states it needs for ratemaking, the final revision to Schedules P-6, P-7 and P-8 would aversely affect, according to MAC, its needs for detailed operating expense data. MAC stated it uses such data to identify costs that are considered either unallowable for ratemaking or not applicable to MAC operations.

In addition to reviewing the Form 41 data for carrier's participating in the rate review, MAC stated that it also reviews industry data to analyze trends in MAC service and the industry. MAC further stated that its rates are based on a sample of carriers from the industry. In this process, MAC develops an industry model and examines MAC rates as a component of the industry. MAC's analysis includes reviews of statistical elements such as: industry debt to equity ratios, industry interest expense and investment, utilization by entity and aircraft type, unit cost increases and comparison of scheduled versus charter service.

The Form 41 changes contained in this rule would not preclude MAC from making the above industry comparisons. The changes will, however, preclude MAC from identifying certain costs that it does not allow participating carriers to include in their cost pool. Participating carriers could be required by MAC to provide, subject to audit, such information as part of each rate review.

The Department wishes to point out that it cannot, under the Paperwork Reduction Act of 1980, collect any information from the airline industry unless the Director, Office of Management and Budget determines that the information is necessary for the proper performance of the Department's functions, including whether the information will have practical utility. The Department does not need the current level of reported operating expense data. Some of MAC's data requirements may be temporarily met for those Group III carriers requesting a waiver from the changes in operating expense reporting; however, if MAC decides it still requires detailed expense data, it should immediately approach OMB for data collection authority to either designate the Department to continue the collection or collect the data on its own behalf. If immediately pursued by MAC, the potential for gaps in the data series could be minimized.

The Airline Pilots Association (ALPA) filed comments objecting to the proposed revision of Schedules P-5.2, P-6, P-7 and P-8. ALPA indicated it needs these Form 41 schedules to be retained, as is, to make accurate assessments of air carrier financial health for developing its labor agreement bargaining posture. ALPA also commented that it believes the Department needs the current reporting level as input to macro-economic models of the airline industry to assess the impact of deregulation under the Employee Protection Program.

The Association of Flight Attendants (AFA) also filed comments objecting to the revision to Schedules P-6, P-7 and P-8. AFA stated that the revised Schedule P-6 would diminish the usefulness of operating expense data by eliminating labor cost distinctions between functional groups and restricting the ability of AFA to analyze labor costs or trends in employee productivity. AFA further stated that line 5 "Flight Attendant Expense" of revised Schedule P-7 is misleading because it contains expenses other than flight attendant salaries. For example, it includes expenses for communications personnel and recordkeeping personnel.

While the Department notes ALPA's and AFA's use of Form 41 data, it must reiterate that it is prohibited, without OMB approval, from collecting information it does not need. As to ALPA's comment that the more detailed operating expense data are needed to support the Employee Protection Program, the Form 41 task force extensively reviewed this program and concluded that the proposed reporting revisions would not impair its administration. As to AFA's comment about the categorization of "Flight Attendant Expense" on Schedule P-7, the accumulation of costs in this category is consistent with the Version 6 costing methodology, which includes not only flight attendant salaries but also those in other personnel categories that directly support flight attendant personnel. This final rule is consistent with Version 6 costing and retains the proposed allocation of costs to "Flight Attendant Expense."

Other Matters

Air Canada filed a comment objecting to the Department's policy of using U.S. carrier Form 41 domestic operating data to compute the bi-monthly Standard Foreign Fare Level for Canadian transborder operations. Specifically, Air Canada asserts that this is contrary to Article XIII of the January 17, 1966, bilateral Air Transport Services Agreement between Canada and the United States. Air Canada recommends that U.S. carriers be required to isolate and separately report their Canadian transborder operating costs. This is a policy matter, however, that is not germane to this proceeding and will not be addressed here.

Form 41 Schedule T-7 "Statistical Market Report" was eliminated on July 8, 1982 by the Civil Aeronautics Board in Economic Regulation ER-1297 (Docket 39077); however, its reporting instructions still remain in Part 241 of the Department's Economic Regulations (14 CFR Part 241). This editorial oversight is corrected by this final rule.

In its comments, ATA requested that the Department publish in this rulemaking its total air carrier accounting and reporting requirements rather than just the changes. ATA stated that this would help individual airlines to determine their current reporting requirements and the status of the various accounting rules and regulations.

Individual airlines can obtain, at a nominal cost, a softcover edition of Title 14 Parts 200 to 1199 of the Code of Federal Regulations. This edition is updated annually and is available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20420. The publication contains the Department's Economic Regulations that affect air transportation, including air carrier accounting, reporting and recordkeeping requirements.

Alternatives to Form 41 Data

During its review of the Department's requirements for Form 41 data, the task force was unable to identify any viable alternative sources for the financial and statistical data reported on Form 41.

Regulatory Evaluation and Regulatory Flexibility Act Determination

This final rule was evaluated under

Executive Order 12291, "Federal Regulation," dated February 17, 1981, and the Department of Transportation's Regulatory Policies and Procedures dated February 26, 1979. The rule is not considered to be "major," as defined by E.O. 12291, because it will not have an annual effect on the economy of $100 million or more; it will not cause a major increase in costs or prices for consumers, individual industries, government agencies, or regions; and it will not have a significant adverse effect on competition or any other aspect of the economy. In fact, the economic impact is expected to be so minimal as not to warrant a full regulatory evaluation. The rule is considered to be significant under DOT's Regulatory Policies and Procedures because it concerns a matter in which there is substantial public interest. The rule should have no environmental impact.

It is certified that this rule will not have a significant economic impact on a substantial number of small entities. The rule affects only large certificated air carriers. The net effect of this rule is a reduction in reporting burden.

List of Subjects in 14 CFR Part 241

Air carriers, Uniform system of accounts and reports.

Final Rule

PART 241—[AMENDED]

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

1. The authority for Part 241 continues to read as follows:

Authority: Sections 204, 401, 407, 416, 417, 901, 902, 1002 of the Federal Aviation Act of 1958, as amended; 49 U.S.C. 106, 1324, 1371, 1377, 1386, 1387, 1471, 1472 and 1482.

2. The Table of Contents of the *Uniform System of Accounts and Reports for Large Certificated Air Carriers* is amended by:

A. Revising the center heading, *Traffic and Corporate Reporting Requirements*, to read as follows:

Traffic Reporting Requirements

B. Removing Section 26, General Corporate Elements.

3. Section 7 is amended by eliminating accounts 42, 42.1, 42.2, 42.6, 42.7, 42.8 and 42.9; and revising accounts 41, 43, 43.1, 43.2, 43.6, 43.7, 43.8 and 43.9 to read as follows:

PROFIT AND LOSS CLASSIFICATION

[Section 7—Chart of Profit and Loss Accounts]

Objective classification of profit and loss elements	Functional or financial activity to which applicable (00)		
	Group I carriers	Group II carriers	Group III carriers
* * *	*	*	*
41 Professional and technical fees and expenses.	51, 53, 69	51, 53, 55, 64, 67, 68	51, 53, 55, 61, 62, 63, 65, 66, 68
43 General services purchased:			
43.*1* Airframe and other flight equipment repairs.	....	52	52
43.*2* Aircraft engine repairs.	52	52	....
43.*6* Flight equipment repairs.	52	....	....
43.*7* Aircraft interchange charges.	51, 52	51, 52	51, 52
43.*8* General interchange service charges.	52, 69	52, 55, 64, 67, 68	52, 55, 61, 62, 63, 65, 66, 68
43.*9* Other services	52, 53, 69	52, 53, 55, 64, 67, 68	52, 53, 55, 61, 62, 63, 65, 66, 68
* * *	*	*	*

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

A. Removing the account title and description and center headings for accounts 42, 42.1, 42.2, 42.6, 42.7, 42.8 and 42.9.

B. Revising the account title and description for accounts 43, 43.1, 43.2, 43.6, 43.7, 43.8 and 43.9 to read as follows:

43 General Services Purchased.

(a) Record here charges for services performed for the air carrier by outside and associated companies which are not identifiable with services provided for in profit and loss accounts 37 through 41, inclusive, or which are not expressly identified with other objective expense accounts.

(b) Charges from outside and associated companies for services provided the air carrier under aircraft interchange agreements or other agreements embracing a complete activity or service, such as the operating of jointly used ground facilities, shall be included in this account for each operating function to which the services contribute. Charges for providing aircraft capacity, including charges for depreciation and interest on the capital related to the flight equipment provided, shall be included in function 5100 Flying Operations.

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

Group II and Group III Air Carriers

43.1 *Airframe and Other Flight Equipment Repairs.*

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

43.2 *Aircraft Engine Repairs.*

Record here charges for maintenance of repair or aircraft engines, including spare parts related to aircraft engines owned or leased by the air carrier. Charges by outside and associated companies for maintenance of aircraft engines provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges.

Group I Air Carriers

43.6 *Flight Equipment Repairs.*

Record here charges for maintenance or repair of flight equipment of all types and classes owned or leased by the air carrier. Charges by outside and associated companies for maintenance of flight equipment provided under aircraft interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges.

All Air Carrier Groups

43.7 *Aircraft Interchange Charges.*

Record here charges by outside and associated companies for providing aircraft capacity or services related to the direct operation or maintenance of flight equipment under aircraft interchange agreements.

43.8 *General Interchange Service Charges.*

Record here charges by outside and associated companies for services provided the air carrier under aircraft interchange agreements, other than charges related to the direct operation or maintenance of flight equipment, including all charges for maintenance and repair of group properties, as well as fees or charges for traffic solicitation and sales, or supervision and administration covered by the aircraft interchange agreements. Charges for depreciation or interest on capital related to flight equipment provided under interchange agreements shall not be included in this subaccount but in subaccount 43.7 Aircraft Interchange Charges.

43.9 *Other Services.*

Record here charges for maintenance and repair of ground property and equipment of all types and classes and other charges for services performed by outside and associated companies not provided for elsewhere. This subaccount shall include only those charges for services not provided for elsewhere in profit and loss accounts 37 to 41, inclusive, and subaccounts 43.1 to 43.8, inclusive, embracing a complete activity or service provided by outside and associated companies such as the operation of traffic offices or other facilities used jointly with the air carrier which do not represent reimbursement of specific expense elements incurred expressly for the benefit of the air carrier. Reimbursement of expenses incurred expressly for the benefit of the air carrier shall be entered in appropriate personnel compensation or other objective expense accounts. The cost of services received in the repair of general ground properties shall be charged to subfunction 5200 Direct Maintenance; and services received in the repair of maintenance buildings and equipment shall be charged to subfunction 5300 Maintenance Burden.

* * * * *

5. Section 21 is amended by revising paragraphs (b), (d) and (l) to read as follows:

Section 21 Introduction to Systems of Reports

* * * * *

(b) The system prescribed provides for the submission by each air carrier of four classes of financial and operating statistics, on individual schedules of the CAB Form 41 Report, grouped as follows:

A. Certification.
B. Balance Sheet Elements.
P. Profit and Loss Elements.
T. Traffic and Capacity Elements.

* * * * *

(d) Each schedule of the prescribed CAB Form 41 Report has been assigned a specific code. The prefix alphabetical codes A, B, P and T, respectively, have been employed to denote certification, balance sheet, profit and loss, and traffic and capacity. The digits immediately following the alphabetical prefix designate the particular schedule.

* * * * *

(l) When and as required in the national interest, any air carrier which performs nonscheduled transport services for the Department of Defense shall, when directed by the Department, make separate reports for such services as if they were conducted by a physically separate transport entity, such reports shall consist of Schedules P–1 through P–7, T–1, and T–2. The letter "D" shall be inserted on such reports, following the schedule number of each P and T schedule. When a carrier has more than one reporting entity, nonscheduled transport and nonscheduled Defense services shall be assigned to the reporting entity to which more closely related.

6. Section 22 is amended by revising the List of Schedules in CAB Form 41 Report and the Due Dates of Schedules in CAB Form 41 Report in paragraph (a) to read as follows:

Section 22 General Reporting Instructions

(a) * * *

LIST OF SCHEDULES IN CAB FORM 41 REPORT

Schedule No.	Title	Filing frequency	Applicability by carrier group		
			I	II	III
A	Certification	Q	(1)	X	X
B–1	Balance Sheet	Q	(1)	X	X
B–1.1	Balance Sheet	S–A	(2)		
B–7	Airframe and Aircraft Engine Acquisitions and Retirements.	Q		X	X
B–12	Statement of Changes in Financial Position.	Q	(1)	X	X
B–43	Inventory of Airframes and Aircraft Engines.	A	X	X	X
P–1.1	Statement of Operations	S–A	(2)		
P–1.2	Statement of Operations	Q	(1)	X	X
P–1(a)	Interim Operations Report	M	X	X	X
P–2	Notes to CAB Form 41 Report	Q	(1)	X	X
P–5.1	Aircraft Operating Expenses	Q(1)/S–A(2)	X		
P–5.2	Aircraft Operating Expenses	Q		X	X
P–6	Operating Expenses by Objective Groupings.	Q	(1)	X	X
P–7	Operating Expenses by Functional Groupings—Group III Air Carriers.	Q			X
P–10	Employment Statistics by Labor Category	A	(1)	X	X
P–12(a)	Fuel Consumption by Type of Service and Entity.	M	(1)	X	X
T–1(a)	Traffic and Capacity Statistics by Class of Service.	M	X	X	X
T–1(b)	Traffic and Capacity Statistics by Class of Service-Scheduled Services.	M		X	X
T–1(c)	Traffic and Capacity Statistics by Class of Service-Nonscheduled Services.	M		X	X
T–2	Traffic, Capacity, Aircraft Operations and Miscellaneous Statistics by Type of Aircraft.	Q	X	X	X
T–3(a)	Airport Activity Statistics—Scheduled Revenue Service.	Q	X	X	X
T–3(b)	Airport Activity Statistics—Scheduled Revenue Service.	Q	X	X	X
T–3(c)	Airport Activity Statistics—Nonscheduled Revenue Service.	Q	X	X	X
T–8	Report of All-Cargo Operations	A	(3)	(3)	(3)
T–9	Nonstop Market Report	M	X	X	

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

DUE DATES OF SCHEDULES IN CAB FORM 41 REPORT

Due Dates[1]	Schedule No.
January 20	P–12(a).
January 30	P–1(a), T–1, T–2, T–3, T–9.
February 10[2]	A, B–1, B–1.1, B–7, B–12, P–1.1, P–1.2, P–2, P–5.1, P–5.2, P–6, P–7, P10.
February 20	P–12(a).
March 1	P–1(a), T–1, T–9.

DUE DATES OF SCHEDULES IN CAB FORM 41 REPORT—Continued

Due Dates[1]	Schedule No.
March 20	P–12(a).
March 30	B–43, P–1(a), T–1, T–8, T–9.
April 20	P–12(a).
April 30	P–1(a), T–1, T–2, T–3, T–9.
May 10	A, B–1, B–7, B–12, P–1.2, P–2, P–5.1, P–5.2, P–6, P–7.

DUE DATES OF SCHEDULES IN CAB FORM 41 REPORT—Continued

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

[1] Due dates falling on a Saturday, Sunday or national holiday will become effective the first following work day.

[2] B and P reporting due dates are extended to March 30 if preliminary schedules are filed at DOT by February 10.

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

A. Revising the title and reporting instructions for Schedule B-7, *Airframes and Aircraft Engines Acquired*, to read as follows:

Schedule B-7 Airframe and Aircraft Engine Acquisitions and Retirements

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

(b) Data applicable to acquisitions and data applicable to retirements shall be grouped and reported separately. The data reported within each group (acquisitions; retirements) shall be further subgrouped and reported as follows:

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

(2) Retirements: The indicated data shall be reported for the sale or retirement of each airframe, each type of aircraft engine (stating the number of units retired) and, to the extent retired along with airframes and engines, in aggregates by accounts, operating property and equipment included in accounts 1607 and 1608 and nonoperating property and equipment included in accounts 1707 and 1708. Disposition of properties in accounts 1608 and 1708 not related to airframe and aircraft engine retirements shall be reported in a separate group for each account. Airframe units leased from others for a period of more than 90 days shall be reported, upon return to the lessor, in a separate subsection of this schedule and captioned as follows: Capital Leases—Airframe Unites; and Operating Leases—Airframe Units. In addition, a notation shall be made by license number and name of lessee of airframe units leased to others for a period of more than 90 days; moreover, airframe units leased to others under sales-type or direct financing leases shall be separately captioned and reported on this schedule. Airframe units leased under interchange arrangements shall not be so reported. Aircraft engines leased from others for a period of more than 90 days shall be reported, upon return to the lessor, in a separate subsection of this schedule and captioned as follows: Capital Leases—Aircraft Engines; and Operating Leases—Aircraft Engines. In addition, a notation shall be made by model number, number of units, and name of lessee of aircraft engines leased to others for a period of more than 90 days; moreover, aircraft engines leased to others under sales-type or direct financing leases shall be separately captioned and reported on this schedule. Aircraft engines leased under interchange arrangements shall not be so reported.

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

(d) Column 2, "Acquisition or Retirement" shall be used to indicate, for each item entered, whether it represents an acquisition or a retirement. This shall be indicated by inserting in column 2 either an "A" for acquisition or an "R" for retirement.

(e) Column 6, "Maximum Seating Capacity" shall reflect the number of passenger seats installed in each airframe acquired. When the configuration of airframes provides sleeping accommodations, the passenger capacity shall be shown in terms of a sleeper version and non-sleeper version. When airframes are designed for multiple adjustable seating configurations, the maximum number of seats for which designed shall be reported. When the seating configuration of airframes is modified subsequent to original acquisition, the revised passenger capacity of each airframe shall be reported in the quarter in which modified and referenced to identify original capacity reported.

(f) Column 7, "Cost" shall reflect the book cost of reported airframe and aircraft engine acquisitions and retirements.

(g) Column 8, "Amortization/Depreciated Cost" shall reflect the book cost, less amortization or depreciation expense, for airframes and aircraft engines that have been retired.

(h) Column 9, "Realization" shall reflect the proceeds from the disposition of airframes and aircraft engines, including any insurance proceeds.

(i) Column 10, "Acquired From or Disposition" shall reflect: (1) for acquisitions: the name of the person or organization from which airframes and aircraft engines are acquired and (2) for dispositions (retirements): the name of the person or organization to which airframes and aircraft engines are sold or a notation as to the nature of the retirement and the account to which any depreciated cost has been charged, if not sold. Items included in accounts 1607, 1608, 1707, and 1708, sold as a part of an airframe or aircraft sales transaction, shall also be identified by the name of the buyer. Other sales of items included in these accounts shall be reported in a separate group in aggregate for each property account affected.

B. Removing the title and reporting instructions for Schedule B-8, *Flight Equipment Retired.*

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

A. Revising paragraph (a) of the reporting instructions for Schedule P-5.1 to read as follows:

Schedule P-5.1—Aircraft Operating Expenses

(a) This schedule shall be filed by all Group I air carriers. Group I air carriers that have annual operating revenues of

$10 million or more shall file this schedule quarterly and only report direct operating expense data (lines 1 thru 9). Group I air carriers that have annual operating revenues below $10 million shall file this schedule semiannually and report both direct and indirect operating expense data (lines 1 thru 16).

* * * * *

B. Removing and reserving paragraph (f) and revising paragarph (h) of the reporting instructions for Schedule P–5.2 to read as follows:

Schedule P–5.2—Aircraft Operating Expenses

* * * * *

(f) (Reserved).

* * * * *

(h) The total of function 5100 "Flying Operations" reported on this schedule shall agree with corresponding amounts reported on Schedule P–1.2.

C. Revising the title and reporting instructions for Schedule P–6, *Maintenance, Passenger Service and General Services and Administration Expense Functions*, to read as follows:

Schedule P–6—Operating Expenses by Objective Groupings

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

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

(c) Line 36 "Total Operating Expenses" shall agree with the corresponding amount reported on Schedule P–1.

D. Revising the title and reporting instructions for Schedule P–7, *Aircraft and Traffic Servicing, Promotion and Sales, and General and Administrative Expense Functions*, to read as follows:

Schedule P–7—Operating Expenses by Functional Groupings—Group III Air Carriers

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

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

(c) Line 38 "Total Operating Expenses" shall agree with the corresponding amount reported on Schedule P–1.2.

E. Removing the title and reporting instructions of Schedule P–8, *Aircraft and Traffic Servicing, and Promotion and Sales Expense Subfunctions*.

9. Section 25, *Traffic and Capacity Elements*, is amended by removing the title and reporting instructions for Schedule T–7, *Statistical Market Report*.

10. The title and contents of Section 26, *General Corporate Elements*, are removed.

11. The center heading "Traffic and Corporate Reporting Requirements" is revised to read "Traffic Reporting Requirements."

12. Everywhere the OMB Control "3024–0013" appears change it to "2138–0013."

13. RSPA Form 41 Report is amended as shown in Exhibits B through G attached.

Issued in Washington, DC on March 13, 1987.

M. Cynthia Douglass,

Administrator, Research and Special Programs Administration, DOT.

Editorial Note: The following exhibits will not appear in the Code of Federal Regulations.

BILLING CODE 4910-62-M

Exhibit A

SUMMARY OF FORM 41 DATA NEEDS BY PROGRAM

Schedules	Description	Fequency	Filing Group	OST Programs (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	FAA Programs (11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
A	Cert.	O	I-O II & III	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
B-1	B/S	O	I-O II & III	X	X	X	X			X	X/1	X	X	X	X	X				X			
B-1.1	B/S	SA	I-II	X	X	X	X			X	X/1	X	X	X	X	X				X			
B-7	A/F & A/C Eng. Acq.	O	II & III	X	X/1		X			X	X/1	X											X
B-8	Flt. Equ. Ret.	O	II & III	X	X/1		X				X/1	X											X
B-12	Chgs. in Fin.Pos.	O	I-O II & III	X/1	X/1					X		X		X	X	X		X					
B-43	Inv.-A/F & A/C Engs.	A	ALL	X	X		X				X/1	X											X
P-1.1	Stmt of Operations	SA	I-II	X	X	X	X	X		X	X/1	X	X	X	X	X	X	X		X			
P-1.2	Stmt of Operations	O	I-O II & III	X	X	X	X	X		X	X/1	X	X	X	X	X	X	X		X			
P-1(a)	Int. Operations Rpt.	M	ALL	X/1			X			X	X	X	X		X	X/2		X/1					
P-2	Notes	O	I-O II & III	X		X	X					X	X										
P-5.1	A/C Operating Exps.	O	I-O	X	X	X	X	X		X	X/1	X	X	X	X	X		X/1		X			
		SA	I-II	X	X	X	X	X		X	X/1	X	X	X	X	X		X/1		X			
P-5.2	A/C Operating Exps.	O	II & III	X	X	X	X	X		X	X/1	X	X	X	X	X		X/1		X			
P-6	Main., Pass. Svc, & G & A	O	I-O II & III	X	X	X	X	X	X/1	X/1	X/1	X	X										
P-7	A/C & Tfc & Pro. & Sales	O	II & III	X	X	X	X	X	X/1	X/1	X/1	X	X										
P-8	A/C & Tfc & Pro. & Sales	O	III	X	X	X	X	X	X/1	X/1	X/1	X	X										
P-10	Empl. Stats.	A	I-O II & III	X/1					X	X/1		X	X		X	X	X						
P-12(a)	Fuel Report	M	I-O II & III	X/1	X	X	X		X/1				X/2										
T-1(a)	Tfc. & Cpty Stst.-Summary	M	ALL	X	X/2	X/2	X/2				X	X	X/2	X		X	X/2	X		X	X/2		
T-1(b)	Tfc. & Cpty Stst.-Sch.	M	II & III	X/2	X/2	X/2					X						X/2	X					
T-1(c)	Tfc. & Cpty Stst.-Nonsch.	M	II & III	X/2	X/2	X/2					X						X/2	X					
T-2	Tfc. & Cpty by A/C Type	O	ALL	X	X	X	X			X	X	X	X	X		X	X	X		X		X/2	X
T-3(a)	Enpl. Stats.-Sch.	O	ALL		X	X	X				X	X	X				X	X	X	X	X		
T-3(b)	Enpl. Stats.-Sch.	Q	ALL		X	X	X			X	X	X					X	X	X	X		X/2	
T-3(c)	Enpl. Stats.-Nonsch.	O	ALL			X	X			X		X					X	X	X	X	X	X/2	
T-8	All-cargo Operations	A	Only 418 Cert.	X/1	X	X/1	X/1			X							X						
T-9	Nonstop Market Report	M	I & II	X	X	X/2			X		X	X							X			X/2	
G-41	Stock Ownership-5%	A	I-O II & III																				
Needs Domestic Data........				X	X	X	X	X	X	X	X	X	X				X	X					
Needs International Data........				X	X	X	X	X	X	X	X	X	X				X	X					
Needs Data by Entity........				X	X	X	X	X	X	X	X	X	X				X	X					
Needs System Data Only........														X	X	X			X	X	X	X	X

NOTES: X Data usage justified based on DOT policy considerations.

1/ Used occasionally.

2/ Filing frequency could be reduced.

PROGRAM INDEX:

(1) International Negotiations
(2) International Routes
(3) International Fares & Rates
(4) International/Alaska Mail Rates
(5) Review of IATA Agreements
(6) Foreign Carrier Applications
(7) Air Carrier Fitness
(8) Acquisitions and Mergers
(9) Airline Industry Status Evaluations
(10) Employee Protection
(11) Air Carrier Certification
(12) Safety Surveillance and Inspection
(13) Safety Analysis (Operational)
(14) Safety Forecasting/Regulatory Analysis
(15) National Plan of Integrated Airport Systems
(16) Systems Planning at Airports
(17) Airport Capacity Analysis
(18) Airport Improvement
(19) Airport Development/Environmental (Noise)
(20) War Air Service

EXHIBIT B

AIRFRAME AND AIRCRAFT ENGINE ACQUISITIONS AND RETIREMENTS

Air Carrier ______________________

Quarter Ended ______________, 19___

Line	Date Acquired/ Retired (1)	Acquisition or Retirement "A" or "R" (2)	Airframe License Number (3)	Number of Engines Acquired/ Retired (4)	Type, Model, and Cabin Design (5)	Maximum Seating Capacity (6)	Cost (7)	Amortized/ Depreciated Cost (8)	Realization (9)	Acquired From / Disposition (10)
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
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RSPA Form 41 Schedule B-7

EXHIBIT C

EMPLOYMENT STATISTICS
BY LABOR CATEGORY

Air Carrier: ____________

Operation: ____________

Calendar Year Ended: ____________

Acct. No.	Description	Weighted Average Number of Full-time Employees
21	General management personnel	______
23	Pilots and copilots	______
24	Other flight personnel:	
24.1	Flying operations[1]	______
24.2	Passenger/General services and administration[2] . .	______
25	Maintenance labor[3]	______
26	Aircraft and traffic handling personnel[4]	______
26.1	General aircraft and traffic handling personnel .	______
26.2	Aircraft control personnel	______
26.3	Passenger handling personnel	______
26.4	Cargo handling personnel	______
28.1	Trainees and instructors	______
31	Record keeping and statistical personnel	______
33	Traffic solicitors	______
99.1	Other personnel	______
99.2	Transport-related	______
99	Total	______

[1] Include personnel in Function 5100.
[2] Include personnel in Functions 5500 and 6900.
[3] Include unallocated maintenance shop labor.
[4] Group I air carriers.

RSPA Form 41 Schedule P-10

EXHIBIT D

AIRCRAFT OPERATING EXPENSES Group II and Group III Air Carriers	Air Carrier ____ Operation ____ Total—All Aircraft Types Quarter Ended ____, 19__		Aircraft Type ____ Aircraft Code ____		Aircraft Type ____ Aircraft Code ____		Aircraft Type ____ Aircraft Code ____	
FLYING OPERATIONS	5100		5100		5100		5100	
Pilots and copilots	23		23		23		23	
Other flight personnel	24		24		24		24	
Trainees and instructors	28.1		28.1		28.1		28.1	
Personnel expenses	36		36		36		36	
Professional and technical fees and expenses	41		41		41		41	
~~Aircraft interchange charges—ass. co's~~	~~42.7~~		42.7		42.7		42.7	
Aircraft interchange charges—~~outside~~	43.7		43.7		43.7		43.7	
Aircraft Fuels	45.1		45.1		45.1		45.1	
Aircraft oils	45.2		45.2		45.2		45.2	
Rentals	47		47		47		47	
Other supplies	53		53		53		53	
Insurance purchased—general	55.1		55.1		55.1		55.1	
Employee benefits and pensions	57		57		57		57	
Injuries, loss and damage	58		58		58		58	
Taxes—payroll	68		68		68		68	
Taxes—other than payroll	69		69		69		69	
Other expenses	71		71		71		71	
Total flying operations (per sch. P-1)	*5199*		*5199*		*5199*		*5199*	
DIRECT MAINTENANCE—FLIGHT EQUIP.	5200		5200		5200		5200	
Labor—airframes	25.1		25.1		25.1		25.1	
Labor—aircraft engines	25.2		25.2		25.2		25.2	
~~Airframe repairs—associated companies~~	~~42.1~~		42.1		42.1		42.1	
~~Aircraft engine repairs—associated co's.~~	~~42.2~~		42.2		42.2		42.2	
~~Aircraft inter. charges—associated co's.~~	~~42.7~~		42.7		42.7		42.7	
Airframe repairs—~~outside~~	43.1		43.1		43.1		43.1	
Aircraft engine repairs—~~outside~~	43.2		43.2		43.2		43.2	
Aircraft interchange charges—~~outside~~	43.7		43.7		43.7		43.7	
Maintenance materials—airframes	46.1		46.1		46.1		46.1	
Maintenance materials—aircraft engines	46.2		46.2		46.2		46.2	
Airworth. allow. provs.—airframes	72.1		72.1		72.1		72.1	
Airframe overhauls def. (cr.)	72.3		72.3		72.3		72.3	
Airworth. allow. provs.—aircr. eng.	72.6		72.6		72.6		72.6	
Aircraft eng. overhauls def. (cr).	72.8		72.8		72.8		72.8	
Total dir. maint.—flt. equip. (to sch. P-6)	78		78		78		78	
AP. MT. BURDEN—FLT. EQP.(per sch P-6)	79.6		79.6		79.6		79.6	
Total flight equip. maintenance (Memo)	*5299*		*5299*		*5299*		*5299*	
OSBOL. & DETERIOR'N.—EXP. PARTS	7073		7073		7073		7073	
Net obsol. & deterior'n.—exp. parts	*7073.9*		*7073.9*		*7073.9*		*7073.9*	
DEPRECIATION—FLIGHT EQUIPMENT	7000		7000		7000		7000	
Depreciation—airframes	75.1		75.1		75.1		75.1	
Depreciation—aircraft engines	75.2		75.2		75.2		75.2	
Depreciation—airframe parts	75.3		75.3		75.3		75.3	
Depreciation—aircraft engine parts	75.4		75.4		75.4		75.4	
Depreciation—other flight equipment	75.5		75.5		75.5		75.5	
~~Total depr. flight equip.~~	~~75.6~~		75.6		75.6		75.6	
Amortization Expense—Capital Leases-Flt. Eqp.	76.1		76.1		76.1		76.1	
EXP. OF INTERCHANGE AIRCRAFT								
Flying operations	98.1	x x x x x x x x	98.1		98.1		98.1	
Maintenance	98.2	x x x x x x x x	98.2		98.2		98.2	
TOTAL AIRCRAFT OP. EXPENSES	*7098.9*		*7098.9*		*7098.9*		*7098.9*	

OTHER DEPRECIATION AND AMORTIZATION	7000	
Amoritization—developmental and preop. exp.	*74.1*	
Amortization—other intangibles	*74.2*	
Depreciation—maint. equip. and hangars	*75.8*	
Depreciation—general ground property	*75.9*	
Amortization—capital leases	*76.2*	

*Denotes inverse amount

RSPA Form 41 Schedule P-5.2 (1-85)
Formerly CAB Form 41 Schedule P-5.2

Exhibit E

U.S. Department of Transportation
Research and Special Programs Administration

OPERATING EXPENSES BY OBJECTIVE GROUPINGS

CARRIER: ______________________ OPERATION: ______________________

QUARTER ENDING: ______________________

Line 1	**SALARIES AND RELATED FRINGE BENEFITS:**	
Line 2	SALARIES:	
Line 3	General management personnel	________
Line 4	Flight personnel	________
Line 5	Maintenance labor	________
Line 6	Aircraft and traffic handling personnel	________
Line 7	Other personnel	________
Line 8	Total Salaries	________
Line 9	RELATED FRINGE BENEFITS:	
Line 10	Personnel expense	________
Line 11	Employee benefits and pensions	________
Line 12	Payroll taxes	________
Line 13	Total Related Fringe Benefits	________
Line 14	Total Salaries and Related Fringe Benefits	________
Line 15	**MATERIALS PURCHASED:**	
Line 16	Aircraft fuel and oil	________
Line 17	Maintenance material	________
Line 18	Passenger food	________
Line 19	Other materials	________
Line 20	Total Materials	________
Line 21	**SERVICES PURCHASED:**	
Line 22	Advertising and other promotion	________
Line 23	Communication	________
Line 24	Insurance	________
Line 25	Outside flight equipment maintenance	________
Line 26	Traffic commissions - Passenger	________
Line 27	Traffic commissions - Cargo	________
Line 28	Other services	________
Line 29	Total Services	________
Line 30	LANDING FEES	________
Line 31	RENTALS	________
Line 32	DEPRECIATION	________
Line 33	AMORTIZATION	________
Line 34	OTHER	________
Line 35	TRANSPORT RELATED EXPENSE	________
Line 36	TOTAL OPERATING EXPENSES	________

RSPA Form 41 Schedule P-6 (11-85)
Formally CAB Form 41 Schedule P-6

Exhibit F

OPERATING EXPENSES BY FUNCTIONAL GROUPINGS
GROUP III AIR CARRIERS

CARRIER:____________________ OPERATION:____________________________

QUARTER ENDING:________________________

Line 1	AIRCRAFT OPERATING EXPENSES (DIRECT OPERATING COSTS):	
Line 2	Total*	______
Line 3	SERVICING, SALES, AND GENERAL OPERATING EXPENSES (INDIRECT COSTS):	
Line 4	PASSENGER SERVICE EXPENSES	______
Line 5	Flight attendants expense	______
Line 6	Food expense	______
Line 7	Other in-flight expense	______
Line 8	Total Passenger Service Expense	______
Line 9	AIRCRAFT SERVICING EXPENSE:	
Line 10	Line servicing expense	______
Line 11	Control expense	______
Line 12	Landing fees	______
Line 13	Total Aircraft Servicing Expense	______
Line 14	TRAFFIC SERVICING EXPENSE:	
Line 15	Directly assignable to passenger	______
Line 16	Directly assignable to baggage and cargo	______
Line 17	Not directly assignable	______
Line 18	Total traffic servicing expense	______
Line 19	RESERVATION AND SALES EXPENSE:	
Line 20	Directly assignable to passenger	______
Line 21	Directly assignable to cargo	______
Line 22	Not directly assignable	______
Line 23	Total reservation and sales expense	______
Line 24	ADVERTISING AND PUBLICITY EXPENSE:	
Line 25	Directly assignable to passenger	______
Line 26	Directly assignable to cargo	______
Line 27	Institutional advertising expense	______
Line 28	Total Advertising and Publicity Expense	______
Line 29	GENERAL AND ADMINISTRATIVE EXPENSE	______
Line 30	MAINTENANCE AND DEPRECIATION--GROUND PROPERTY AND EQUIPMENT:	
Line 31	Maintenance	______
Line 32	Depreciation	______
Line 33	Total Maintenance and Depreciation--Ground Property and Equipment	______
Line 34	DEPRECIATION EXPENSE--MAINTENANCE EQUIPMENT	______
Line 35	AMORTIZATION (OTHER THAN FLIGHT EQUIPMENT)	______
Line 36	TOTAL SERVICING, SALES, AND GENERAL OPERATING EXPENSES	______
Line 37	TRANSPORT RELATED EXPENSES	______
Line 38	TOTAL OPERATING EXPENSES	______

* Detail by aircraft type on Schedule P-5.

RSPA Form 41 Schedule P-7

EXHIBIT G

U.S. Department of Transportation
Research and Special Programs Administration

TRAFFIC, CAPACITY, AIRCRAFT OPERATIONS, AND MISCELLANEOUS STATISTICS BY TYPE OF AIRCRAFT

Air Carrier ______
Operating Entity ______
Quarter Ended ______

		ALL Types	Type: Code:	Type: Code:	Type: Code:	Type: Code:
SCHEDULED SERVICES						
Revenue passengers-miles (000)						
First Class/Mixed Passenger-Cargo	A140, E141					
Coach/Mixed Passenger-Cargo	C140, E142					
Cargo	G140					
Total	K140					
Available seat-miles (000)						
First Class/Mixed Passenger-Cargo	A320, E321					
Coach/Mixed Passenger-Cargo	C320, E322					
Cargo	G320					
Total	K320					
Revenue ton-miles	K240					
Available ton-miles	K280					
Revenue aircraft miles flown:						
Passenger-cargo	A, C410					
Cargo	G410					
Total	K410					
ALL SERVICES						
Revenue passengers-miles (000)	Z140					
Available seat-miles (000)	Z320					
Revenue ton-miles	Z240					
Available ton-miles	Z280					
Revenue aircraft miles flown	Z410					
AIRCRAFT HOURS FLOWN						
Revenue aircraft hours (airborne)	Z610					
Nonrevenue aircraft hours (airborne)	Z620					
Total aircraft hours (airborne)	Z650					
MISCELLANEOUS OPERATING FACTORS						
Aircraft days assigned to service-carrier's equipment	Z810					
Aircraft days assigned to service-carrier's routes	Z820					
~~Nonrevenue aircraft miles flown~~	~~Z420~~					
Carrier's interchange equipment:						
Hours on others (airborne)	Z830					
Aircraft hours (ramp-to-ramp)	Z630					
Aircraft fuels issued (gallons)	Z921					
Aircraft oils issued (gallons)	Z922					

RSPA Form 41 Schedule T-2 (1-85)
Formerly CAB Form 41 Schedule T-2(a) & (b)

BILLING CODE 4910-62-C

Exhibit H—Department of Transportation Research and Special Programs Administration Office of Aviation Information Management Instructional Directive No. 1

Reporting of Air Carrier Operating Expenses on RSPA Form 41 Schedules P–6 and P–7

Attachments A and B explain the accounting methodology for accumulating the operating expense data to be reported on Form 41, Schedules P–6 "Operating Expenses by Objective Groupings" and P–7 "Operating Expense by Functional Groupings—Group III Air Carriers," respectively.

Schedule P–6 is filed by Group I air carriers with total annual operating revenues of over $10 million, Group II air carriers, and Group III air carriers. Schedule P–7 is filed by only Group III air carriers.

Any questions regarding this directive can be addressed to Donald Bright, who can be contacted on (202) 366–4384.

Robin A. Caldwell,

Director.

Attachments

BILLING CODE 4910-62-M

Attachment A

OPERATING EXPENSES BY OBJECTIVE GROUPINGS

CARRIER:________________________ OPERATION:______________________________

QUARTER ENDING:________________________

Line 1	SALARIES AND RELATED FRINGE BENEFITS:
Line 2	SALARIES:
Line 3	General management personnel............................ ________________
Line 4	Flight personnel.. ________________
Line 5	Maintenance labor....................................... ________________
Line 6	Aircraft and traffic handling personnel................. ________________
Line 7	Other personnel... ________________
Line 8	Total Salaries.. ________________
Line 9	RELATED FRINGE BENEFITS:
Line 10	Personnel expense....................................... ________________
Line 11	Employee benefits and pensions.......................... ________________
Line 12	Payroll taxes... ________________
Line 13	Total Related Fringe Benefits........................... ________________
Line 14	Total Salaries and Related Fringe Benefits.............. ________________
Line 15	MATERIALS PURCHASED:
Line 16	Aircraft fuel and oil................................... ________________
Line 17	Maintenance material.................................... ________________
Line 18	Passenger food.. ________________
Line 19	Other materials... ________________
Line 20	Total Materials... ________________
Line 21	SERVICES PURCHASED:
Line 22	Advertising and other promotion......................... ________________
Line 23	Communication... ________________
Line 24	Insurance... ________________
Line 25	Outside flight equipment maintenance.................... ________________
Line 26	Traffic commissions - Passenger......................... ________________
Line 27	Traffic commissions - Cargo............................. ________________
Line 28	Other services.. ________________
Line 29	Total Services.. ________________
Line 30	LANDING FEES.. ________________
Line 31	RENTALS... ________________
Line 32	DEPRECIATION.. ________________
Line 33	AMORTIZATION.. ________________
Line 34	OTHER... ________________
Line 35	TRANSPORT RELATED EXPENSE............................... ________________
Line 36	TOTAL OPERATING EXPENSES................................ ________________

RSPA Form 41 Schedule P-6

Attachment A
Page 2 of 4

INSTRUCTIONS FOR
SCHEDULE P-6

Line 1 Salaries and related fringe benefits shall be reported in the following categories:

Line 2 Salaries shall be subdivided as follows:

Line 3 General Management Personnel = Sum of objective Account 21 for all functions

Line 4 Flight Personnel = Sum of objective Accounts 23 and 24 for all functions

Line 5 Maintenance Labor = Sum of objective Accounts 25.1 + 25.2 + 25.3 + 25.6 + 25.9 + 28.2 for all functions + proration for Line 5 (See footnote 2/)

Line 6 Aircraft and Traffic Handling Personnel = Sum of objective Accounts 26 + 26.1 + 26.2 + 26.3 + 26.4 for all functions

Line 7 Other Personnel = Sum of objective Accounts 28.1 + 30 + 31 + 32 + 33 + 34 + 35 for all functions

Line 8 Total Salaries = Sum of Line 3 + 4 + 5 + 6 + 7

Line 9 Related fringe benefits shall be subdivided as follows:

Line 10 Personnel Expense = Sum of objective Account 36 for all functions

Line 11 Employee Benefits and Pensions = Sum of objective Account 57 for all functions

Line 12 Payroll Taxes = Sum of objective Account 68 for all functions

Line 13 Total Related Fringe Benefits = Sum of Lines 10 + 11 + 12

Line 14 Total Salaries and Related Fringe Benefits = Sum of Lines 8 + 13

Line 15 Materials purchased shall be reported in the following categories:

Line 16 Aircraft Fuel and Oil = Sum of objective Accounts 45 + 45.1 + 45.2 for all functions + objective Account 69 for 5100 function only

Line 17 Maintenance Material = Sum of objective Accounts 46.1 + 46.2 + 46.3 + 46.6 + 46.9 + 49 + 54 for all functions + proration for Line 17 (See footnote 2/)

Line 18 Passenger Food = Sum of objective Account 51 for all functions

Line 19 Other Materials = Sum of objective Accounts 38 + 50 + 53 for all functions

Attachment A
Page 3 of 4

Line 20 Total Materials = Sum of Lines 16 + 17 + 18 + 19

Line 21 Services purchased shall be reported in the following categories:

Line 22 Advertising and Other Promotion = Sum of objective Accounts 59 + 60 + 62 for all functions

Line 23 Communications = Sum of objective Account 37 for all functions

Line 24 Insurance = Sum of objective Accounts 55 + 56 for all functions

Line 25 Outside Flight Equipment Maintenance = Sum of objective Accounts 43.1 + 43.2 + 43.3 + 43.6 + 43.7 + 43.8 + 43.9 for 5200 function only + proration for Line 25 (See footnote 2/)

Line 26 Traffic Commissions - Passenger = Sum of objective Accounts 39 (See footnote 1/) + 39.1 for all functions

Line 27 Traffic Commissions - Cargo = Sum of objective Accounts 39 (See footnote 1/) + 39.2 for all functions

Line 28 Other Services = Sum of objective Accounts 40 + 41 for all functions + objective Accounts 43.7 + 43.8 + 43.9 for all functions except 5200

Line 29 Total Services = Sum of Lines 22 + 23 + 24 + 25 + 26 + 27 + 28

Line 30 Landing Fees = Sum of objective Account 44 for all functions

Line 31 Rentals = Sum of objective Account 47 for all functions

Line 32 Depreciation = Sum of objective Accounts 73.1 + 73.2 + 75.1 + 75.2 + 75.3 + 75.4 + 75.5 + 75.8 + 75.9 for 7000 function

Line 33 Amortization = Sum of objective Accounts 74.1 + 74.2 + 76 for 7000 function

Line 34 Other = Sum of objective Accounts 58 + 61 + 63 + 64 + 65 + 66 + 67 + 71 + 77.8 + 77.9 for all functions + 69 for all functions except 5100

Line 35 Transport Related Expenses = Total of 7100 function

Line 36 Total Operating Expenses = Sum of Lines 14 + 20 + 29 + 30 + 31 + 32 + 33 + 34 + 35

FOOTNOTES

1/ Under this Schedule P-6, Group I carriers are required to report a separate amount for Traffic Commissions - Passenger (6939.1) and Traffic Commissions - Cargo (6939.2). Previously, this group reported only Total Traffic Commissions (6939).

2/ For all groups, proration for Lines 5 and 17 and 25.

Step 1: Net of accounts	5272.1	5372.1
	5272.2	5372.2
	5272.3	5372.3
	5272.4	5372.4
	5272.6	5372.6
	5272.7	5372.7
	5272.8	5372.8
	5272.9	5372.9
Net		

Step 2: Sum of Lines 5 + 17 + 25 before proration of amount in Step 1.

For proration applicable to Line 5

Step 3: Line 5 before proration - Sum of Lines 5 + 17 + 25 before proration

Step 4: Proration = Net (Step 1) X Ratio (Step 3)

For proration applicable to Line 17

Step 3A: Line 17 before proration - Sum of Lines 5 + 17 + 25 before proration

Step 4A: Proration = Net (Step 1) X Ratio (Step 3A)

For proration applicable to Line 25

Step 3B: Line 25 before proration - Sum of Lines 5 + 17 + 25 before proration

Step 4B: Proration = Net (Step 1) X Ratio (Step 3B)

Attachment B

OPERATING EXPENSES BY FUNCTIONAL GROUPINGS
GROUP III AIR CARRIERS

CARRIER:_______________________ OPERATION:______________________________

QUARTER ENDING:________________________

Line 1	AIRCRAFT OPERATING EXPENSES (DIRECT OPERATING COSTS):	
Line 2	Total*	_______________
Line 3	SERVICING, SALES, AND GENERAL OPERATING EXPENSES (INDIRECT COSTS):	
Line 4	PASSENGER SERVICE EXPENSES	_______________
Line 5	Flight attendants expense	_______________
Line 6	Food expense	_______________
Line 7	Other in-flight expense	_______________
Line 8	Total Passenger Service Expense	_______________
Line 9	AIRCRAFT SERVICING EXPENSE:	
Line 10	Line servicing expense	_______________
Line 11	Control expense	_______________
Line 12	Landing fees	_______________
Line 13	Total Aircraft Servicing Expense	_______________
Line 14	TRAFFIC SERVICING EXPENSE:	
Line 15	Directly assignable to passenger	_______________
Line 16	Directly assignable to baggage and cargo	_______________
Line 17	Not directly assignable	_______________
Line 18	Total traffic servicing expense	_______________
Line 19	RESERVATION AND SALES EXPENSE:	
Line 20	Directly assignable to passenger	_______________
Line 21	Directly assignable to cargo	_______________
Line 22	Not directly assignable	_______________
Line 23	Total reservation and sales expense	_______________
Line 24	ADVERTISING AND PUBLICITY EXPENSE:	
Line 25	Directly assignable to passenger	_______________
Line 26	Directly assignable to cargo	_______________
Line 27	Institutional advertising expense	_______________
Line 28	Total Advertising and Publicity Expense	_______________
Line 29	GENERAL AND ADMINISTRATIVE EXPENSE	_______________
Line 30	MAINTENANCE AND DEPRECIATION--GROUND PROPERTY AND EQUIPMENT:	
Line 31	Maintenance	_______________
Line 32	Depreciation	_______________
Line 33	Total Maintenance and Depreciation--Ground Property and Equipment	_______________
Line 34	DEPRECIATION EXPENSE--MAINTENANCE EQUIPMENT	_______________
Line 35	AMORTIZATION (OTHER THAN FLIGHT EQUIPMENT)	_______________
Line 36	TOTAL SERVICING, SALES, AND GENERAL OPERATING EXPENSES	_______________
Line 37	TRANSPORT RELATED EXPENSES	_______________
Line 38	TOTAL OPERATING EXPENSES	_______________

* Detail by aircraft type on Schedule P-5.

RSPA Form 41 Schedule P-7

BILLING CODE 4910-62-C

Instructions for Schedule P–7—(Group III Carriers Only)

Line 1—Aircraft operating expenses (direct operating costs) shall be reported as follows:

Line 2—Total = Account 7098.9 for total aircraft types from Schedule P–5.2.

Line 3—Servicing, sales and general operating expenses (indirect operating costs) shall be reported in the following categories:

Line 4—Passenger service expense shall be subdivided as follows:

Line 5—Flight Attendant Expense=Sum of Accounts 5521 + 5524 + 5528.1 + 5530 + 5531 + 5535 + 5536 + 5557 + 5 568.

Line 6—Food Expense=Account 5551.

Line 7—Other In-flight Expense = Account 5599 - (Line 5+Line 6).

Line 8—Total Passenger Service Expense = Sum of Lines 5 + 6 + 7.

Line 9—Aircraft servicing expense shall be subdivided as follows:

Line 10—Line Servicing Expense = Account 6126.1.

PLUS an allocation of the balance in the aircraft servicing expense function (Account 6100) after the following accounts have been excluded: Accounts 6126.1, 6126.2, 6130, 6137 and 6144. This allocation to Line 10 is based on the ratio of Account 6126.1 to the total of Accounts 6126.1 + 6126.2 + 6130.

PLUS an allocation of the servicing administration expense function (Account 6300), based on the ratio of total salary expenses included in Line 10 (both directly assigned and allocated as above) to total salary expenses in both the aircraft servicing expense function (Account 6100) and the traffic servicing expense function (Account 6200).

Line 11—Control Expense = Accounts 6126.2 + 6130 + 6137.

PLUS an allocation of the balance in the aircraft servicing expense function (Account 6100) after the following accounts have been excluded: Accounts 6126.1, 6126.2, 6130, 6137 and 6144. This allocation to Line 11 is based on the ratio of the total of Accounts 6126.2 + 6130 to the total of Accounts 6126.1 + 6126.2 + 6130.

PLUS an allocation of the servicing administration expense function (Account 6300), based on the ratio of total salary expenses included in Line 11 (both directly assigned and allocated as above) to total salary expenses in both the aircraft servicing expense function (Account 6100) and the traffic servicing expense function (Account 6200).

Line 12—Landing Fees = Account 6144.

Line 13—Total Aircraft Servicing Expense = Sum of Lines 10 + 11 + 12.

Line 14—Traffic servicing expense shall be subdivided as follows:

Line 15—Directly Assignable to Passenger = Account 6226.3.

PLUS all other expenses in the traffic servicing expense function (Account 6200), that can be directly assigned or is directly attributable to passenger service based on the carrier's own detailed system of accounts.

PLUS an allocation of the servicing administration expense function (Account 6300), based on the ratio of total salary expenses included in Line 15 (before allocation) to total salary expenses in both the aircraft servicing expense function (Account 6100) and the traffic servicing expense function (Account 6200).

Line 16—Directly Assignable to Baggage and Cargo = Accounts 6226.4 + 6256.

PLUS all other expenses in the traffic servicing expense function (Account 6200) that can be directly assigned or is directly attributable to baggage and/or cargo service based on the carrier's own detailed system of accounts.

PLUS an allocation of the servicing administration expense function (Account 6300), based on the ratio of total salary expenses included in Line 16 (before allocation) to total salary expenses in both the aircraft servicing expense function (Account 6100) and the traffic servicing expense function (Account 6200).

Line 17—Not Directly Assignable = The total of the traffic servicing expense function (Account 6200) less all 6200 related amounts in Lines 15 and 16.

PLUS an allocation of the servicing administration expense function (Account 6300), based on the ratio of total salary expenses included in Line 17 (before allocation) to total salary expenses in both the aircraft servicing expense function (Account 6100) and the traffic servicing expense function (Account 6200).

Line 18—Total Traffic Servicing Expense = Sum of Lines 15 + 16 + 17.

Line 19—Reservation and sales expense shall be subdivided as follows:

Line 20—Directly Assignable to Passenger = Accounts 6526.3 + 6539.1 + 6563.

Plus all other expenses in the reservations and sales expense function (Account 6500) that can be directly assigned or is directly attributable to passenger service based on the carrier's own detailed system of accounts.

Line 21—Directly Assignable to Cargo = Accounts 6526.4 + 6539.2.

Plus all other expenses in the reservations and sales expense function (Account 6500) that can be directly assigned or is directly attributable to cargo service based on the carrier's own detailed system of accounts.

Line 22—Not Directly Assignable = The total of the reservations and sales expense function (Account 6500) less Lines 20 + 21.

Line 23—Total Reservation and Sales Expense = Sum of Lines 20 + 21 + 22.

Line 24—Advertising and publicity expense shall be subdivided as follows:

Line 25—Directly Assignable to Passenger = All expenses in the advertising and publicity expense function (Account 6600) that can be directly assigned or is directly attributable to passenger service based on the carrier's own detailed system of accounts.

Line 26—Directly Assignable to Cargo = All expenses in the advertising and publicity expense function (Account 6600) that can be directly assigned or is directly attributable to cargo service based on the carrier's own detailed system accounts.

Line 27—Institutional Advertising Expense = The total of advertising and publicity expense function (Account 6600) less Lines 25 + 26.

Line 28—Total Advertising and Publicity Expense = Sum of Lines 25 + 26 + 27.

Line 29—General and Administrative Expense = Total of 6800 function.

Line 30—Maintenance and depreciation—ground property and equipment shall be subdivided as follows:

Line 31—Maintenance = The total of the maintenance expense function (Account 5400) less Account 5299 for total all aircraft types from Schedule P-5.2.

Line 32—Depreciation = Account 7075.9.

Line 33—Total Maintenance and Depreciation—Ground Property and Equipment = Sum of Lines 31 + 32.

Line 34—Depreciation Expense—Maintenance Equipment—Account 7075.8.

Line 35—Amortization (other than flight equipment) = Accounts 7074.1 + 7074.2 + 7076 (less Account 7076 for total all aircraft types from Schedules P-5.2).

Line 36—Total Servicing, Sales and General Operating Expenses = Sum of Lines 8 + 13 + 18 + 23 + 28 + 29 + 3 3 + 34 + 35.

Line 37—Transport Related Expenses = Total of 7100 function.

Line 38—Total Operating Expenses = Sum of Lines 2 + 36 + 37.

[FR Doc. 87-6080 Filed 3-20-87 8:45 am]
BILLING CODE 4910-62-M

DEPARTMENT OF COMMERCE

International Trade Administration

15 CFR Parts 373, 376 and 385

[Docket No. 60480-7050]

Revision of Controls on Foreign Products Incorporating U.S. Origin Parts, Components, and Materials

AGENCY: Export Administration, International Trade Administration, Commerce.

ACTION: Final rule.

SUMMARY: Export Administration is revising the Parts and Components provision of the Export Administration Regulations. This revision provides guidance on when authorization is required for shipments of foreign products with U.S. origin content, provides a standard format for submission of requests for authorization, and establishes new criteria for exempting shipments from authorization requirements.

EFFECTIVE DATE: This rule is effective March 23, 1987.

FOR FURTHER INFORMATION CONTACT: John Black or Patricia Muldonian, Office of Technology and Policy Analysis, Export Administration, Department of Commerce, Washington, DC 20230 (Telephone: (202) 377-2440).

SUPPLEMENTARY INFORMATION:

Background

A proposed rule to revise the Parts and Components regulations was published in the **Federal Register** of July 7, 1986 (51 FR 24533), with a request for public comments. The Department received comments from 27 firms and associations. The general tone of the comments was favorable, but most saw room for further improvement.

The main feature of the proposal was an exemption from control if the U.S. content did not exceed 20% by value and the destination was listed in Supplement No. 2 or 3 to Part 373. Most of the comments suggested either a higher percentage or broader country coverage.

The final rule increases the exemption to 25% for Supplement Nos. 2 and 3 and adds a 10% and $10,000 exemption for destinations not listed in Supplement Nos. 2 and 3. Nothing in this rule authorizes any exemptions whatsoever from license requirements for direct