plants, Fossil-fuel fired steam generators, Glass and glass products, Grain, Iron, Lead, Metals, Motor vehicles, Nitric acid plants, Paper and paper products industry, Petroleum, Phosphate, Fertilizer, Sewage disposal, Steel, Sulfuric acid plants, Waste treatment and disposal, Zinc.

*40 CFR Part 61*

Air pollution control, Asbestos, Benzene, Beryllium, Hazardous materials, Mercury, Vinyl chloride.

Date: November 10, 1988.

**Robert E. Layton Jr.,**

*Regional Administrator.*

[FR Doc. 88–26730 Filed 11–17–88; 8:45 am]

BILLING CODE 6560-50-M

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## FEDERAL COMMUNICATIONS COMMISSION

### 47 CFR Parts 15 and 76

**[Gen Docket No. 85-301; FCC 88-331]**

### Standards for Cable System Terminal Devices

**AGENCY:** Federal Communications Commission (FCC).

**ACTION:** Final rule.

**SUMMARY:** The Commission revises its recently adopted regulations in GEN Docket 85–301, concerning standards for cable system terminal devices. This action is taken in response to petitions for reconsideration filed by the General Instrument Corporation, the National Cable Television Association, Oak Communications, Inc. and Scientific-Atlanta, Inc. The objective is to diminish the economic impact that the new regulations might have had on some businesses, and to modify the technical specifications recently adopted for cable system terminal devices to account for the design variations currently found in the marketplace for such products.

**EFFECTIVE DATE:** December 16, 1988.

**ADDRESS:** Federal Communications Commission, 1919 M Street, NW., Washington, DC 20554.

**FOR FURTHER INFORMATION CONTACT:** Liliane Volcy, Technical Standards Branch, Office of Engineering Technology, tel: (202) 653–7316 or 653–6288.

**SUPPLEMENTARY INFORMATION:** This is a summary of the Commission's Memorandum, Opinion, and Order, Gen Docket 85–301, FCC 88–331, adopted October 13, 1988, released November 9, 1988.

The full texts of the Commission decisions are available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 239), 1919 M Street, NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractor, International Transcription Services, (202) 857–3800, 2100 M Street, NW., Washington, DC 20037.

### Summary of Memorandum, Opinion, and Order

1. By this Memorandum, Opinion, and Order, the Commission revises its standards recently adopted for cable system terminal devices ("CSTDs") under Parts 15 and 76 of its Rules. This action is taken in response to petitions for reconsideration filed by the General Instrument Corporation, the National Cable Television Association, Oak Communications, Inc., and Scientific-Atlanta, Inc. The petitioners have requested that the Commission reconsider its new regulations adopted in the *Report and Order*, 52 FR 22459 (June 12, 1987), in particular with respect to radiated emission limits, output signal limits, authorization procedures, and the rights of cable system operators. The Commission concludes that reconsideration of its decision in the *Report and Order* is warranted in part, and, therefore, amends its rules.

2. The Commission finds that most of the requests made by the petitioners stem from the need for additional clarification of the Commission's actions in the *Report and Order*, or for a more gradual implementation of the regulations. In response to the petitions for reconsideration filed, changes are being made to the new rules as follows: (1) CSTDs are placed under notification instead of certification; (2) the technical standards for CSTDs are to be applied in a more gradual phase-in period with some relaxation of the conducted output limits, in particular for heterodyne CSTDs; (3) the rights of cable system operators to disconnect interfering CSTDs are more clearly defined; and (4) other terminal devices with similar operating characteristics as CSTDs are to be subject to the same technical requirements. Part 15, Subpart H is rewritten in its entirety to avoid any possible confusion regarding the applicability of the regulations to cable system terminal devices or other types of TV interface devices. In addition, changes recently made in Part 15, Subpart H, in Gen Docket 87–107, are incorporated in this *Memorandum, Opinion, and Order*. These changes concern the use of cable input selector switches.

3. Moreover, the Commission notes that the problem outlined by the petitioners are not restricted to CSTDs used with cable systems, but apply to TV interface devices used with a Master Antenna. These devices have similar operating characteristics as CSTDs, and will be treated in a similar fashion as CSTDs.

### Procedural Matters

4. Pursuant to the Regulatory Flexibility Act of 1980, the Commission's revised final analysis is as follows:

*I. Need For and Purpose of the Rules*

The Commission's rules inconsistently apply different standards to cable system terminal equipment based on their ownership and design considerations. These differences range anywhere from the technical standards themselves, to the operating conditions, and authorization requirements. The purpose of the rules adopted herein is to overcome these discrepancies.

*II. Summary of Issues Raised by Petitioners in Response to the Final Regulatory Flexibility Analysis, Commisssion Assessment and Changes Made as a Result.*

*A. Issues Raised*

No petitioning or commenting parties specifically addresses the final regulatory flexibility analysis. However, most petitioning parties did address the probable economic burden that they would incur as a result of the new regulatory plan. The necessary design modifications on cable system terminal equipment would not only have an impact on the manufacturing industry, but on the subscriber as well. The petitioners estimated that the additional circuitry needed to bring equipment into compliance with the new regulations would increase the retail cost of a unit anywhere from 12% to 40%. Such an impact would be considerable when up to 75% of the equipment would need to be modified. The revised regulatory plan is expected to resolve these concerns.

*B. Assessment*

The revised regulatory plan will reduce the burden of compliance significantly since it will be implemented more gradually and will not require manufacturing companies to redesign their products immediately, if redesign is necessary. Although the revised regulatory plan will still impose certain burdens on manufacturing companies, these burdens are the minimum necessary to ensure that terminal devices are more readily available and that such devices do not cause interference.

*C. Changes Made as a Result of Petitions and Comments*

While no reconsideration or comments concerning the final regulatory flexibility analysis were filed, alternate regulatory plans were presented. Our revised plan takes these suggestions into account and considers the impact of our regulations on business entities (small included) in both the cable and manufacturing industries. The impact of the revised plan will be easier for the manufacturing industry, in particular, to absorb since it will be implemented over a relatively long period of time, and will permit existing inventories to be depleted.

*III. Significant Alternatives Considered and Rejected*

We have considered all the arguments and alternatives presented in the petitions and comments applicable to the *Report and Order*. After consideration of the issues raised herein, we have revised the rules to resolve the petitioners' concerns where possible, consistent with our objective of ensuring that cable system terminal equipment does not cause interference to authorized radio services.

5. The Secretary shall cause a copy of this *Memorandum, Opinion, and Order* to be sent to the Chief Counsel for Advocacy of the Small Business Administration.

6. The rules adopted herein have been analyzed with respect to the Paperwork Reduction Act of 1980 and found to impose new or modified requirements on the public. Implementation of these new/modified requirements and burdens will be subject to approval by the Office of Management and Budget by that Act.

**Ordering Clauses**

7. Pursuant to the authority contained in sections 4(i) and 303 of the Communications Act and Section 1.106 of the Commission's Rules, *It Is Ordered* That the petitions for reconsideration of the *Report and Order* filed by parties named herein *Are Granted* to the extent indicated above, and *Are Denied* in all other respects. In addition *It Is Ordered* That Parts 15 and 76 be amended, as shown below, effective December 19, 1988.

8. *It Is Further Ordered* That this proceeding *Is Terminated.*

**List of Subjects**

*47 CFR Part 15*

Communications equipment.

*47 CFR Part 76*

Cable television.

Part 15 of Title 47 of the Code of Federal Regulations is amended as follows:

## PART 15—RADIO FREQUENCY DEVICES

1. The authority citation for Part 15 is revised to read as follows:

**Authority:** Secs. 4, 302, 303 and 307 of the Communications Act of 1934, as amended; 47 U.S.C. 154, 302, 303 and 307.

2. Section 15.4 is amended by revising paragraph (u), and by adding a paragraph (x) to read as follows:

**§ 15.4 General definitions**

* * * * *

(u) *TV interface device:* A restricted radiation device that produces or translates in frequency a radio frequency carrier modulated by a video signal derived from an external or internal signal source, and which feeds the modulated radio frequency energy by conduction to the antenna terminals of a television receiver. Examples of TV interface devices are video cassette recorders, and terminal devices attached to a cable system or used with a Master Antenna (including those used for central distribution video devices in apartment or office buildings).

**Note:** A TV interface device may be a stand-alone RF modulator, or a composite device consisting of an RF modulator, video source and other components devices.

* * * * *

(x) *Cable system terminal device:* A TV interface device that serves, as its primary function, to connect a cable system operated under Part 76 of this Chapter to a television receiver or other subscriber premise equipment. Any device which functions as a cable system terminal device in one of its operating modes must comply with the technical requirements for such devices when operating in that mode.

* * * * *

3. Subpart H of Part 15 of Title 47 of the Code of Federal Regulations is revised to read as follows:

**Subpart H—TV Interface Devices (Cable System Terminal Devices) and Associated Accessories**



**§ 15.602 Cross reference.**

The provisions of Subparts A and B of this part and Subparts I, J and K of Part 2 of this chapter shall apply to a TV interface device. Also, a cable system terminal device and a cable input selector switch shall be subject to the relevant provisions of Part 76 of this chapter.

**§ 15.604 General operating conditions.**

(a) Operation of a TV interface device is subject to the general operating conditions set forth in § 15.3 of this part.

(b) The operator of a TV interface device shall promptly stop operating the device when that operator is advised by the Commission that the TV interface device is causing harmful interference, and shall not resume its operation until the condition causing the harmful interference has been corrected.

(c) A TV interface device shall at all times comply with the requirements of this subpart.

**§ 15.606 Additional operating conditions for cable system equipment.**

The provisions of Part 76 of this chapter concerning responsibility for interference shall apply to cable system terminal devices and cable input selector switches.

**§ 15.608 Equipment authorization.**

(a) A device operating under the provisions of this subpart shall be authorized pursuant to Subpart J of Part 2 of this chapter showing compliance with the technical specifications in this subpart. To determine compliance, a device must be fully exercised with all the external devices and accessories that are intended to be used with it.

| Type of device | Authorization. |
|---|---|
| TV interference device, unless otherwise specified. | Certification. |
| Cable system terminal device | Notification. |
| Stand-alone cable input | Verification. |

(b) An external device or accessory that is intended to be attached to a TV interface device shall comply with the technical and administrative requirements set out in the rules under which it operates. For example, a personal computer must be certificated to show compliance with Subpart J of this part.

(c) A device operating under the provisions of this subpart that is submitted to the Commission as a composite device in a single enclosure containing an RF modulator, video source and other component devices shall be submitted on a single application (FCC Form 731) and shall be authorized as a single device.

**§ 15.610 Specific equipment authorization requirements for TV interface device kits.**

A TV interface device marketed as a kit shall comply with the following requirements:

(a) All parts necessary for the assembled TV interface device to comply with the technical requirements of this subpart must be supplied with the kit. No mechanism for adjustment that causes operation in violation of the requirements of this subpart shall be made accessible to the builder.

(b) Assembly of two TV interface device units of a specific type shall be made in accordance with the instructions being supplied with the product being marketed. If all components required to fully complete the kit (other than those specified in paragraph (a) of this section) are not normally furnished with the kit, assembly shall be made using the recommended components. The assembled unit shall be authorized as any other TV interface device.

(c) The measurement data required for equipment, authorization shall be obtained for both of these units and submitted, when required, with an application for authorization.

(d) A copy of the exact instructions that are provided for assembly of the device shall be submitted with the application for authorization in addition to other material required in Part 2 of this chapter.

**§ 15.612 Composite devices.**

A composite TV interface device shall comply with the requirements of this subpart, except for the following:

| Type of composite TV interface device. | Applicable technical standards. |
|---|---|
| TV interference device with TV broadcast tuner and antenna terminals, unless otherwise specified. | Subpart C of Part 15 for TV broadcast tuner (including all-channel requirements of §§ 15.65–15.68) and Subpart H of Part 15. |
| TV interface device with field disturbance sensor. | Subpart F of Part 15 for sensor emanations and Subpart H of Part 15 for other emanations whichever are higher for each frequency. |
| Cable system terminal device with TV broadcast tuner and antenna terminals. | Subpart H of Part 15 and all-channel requirements of §§ 15.65–15.68. |
| Cable system terminal device with a low power communication device. | Subpart H of Part 15 and emanation limits for the low power communication device whichever are higher for each frequency. |

**§ 15.614 Compliance schedule.**

(a) *For TV interface devices.* TV interface devices that have been type approved as Class I TV devices prior to April 28, 1983, and that have been labeled with an FCC type approval number may be marketed and operated indefinitely subject only to the non-interference and general requirements of §§ 15.3, 15.604 and 15.620. TV interface devices that have been authorized as such prior to April 28, 1983 by a grant of a waiver of the Rules, may continue to be marketed and operated under the provisions of this subpart without further action on the part of the grantee.

(b) *For cable system terminal devices.* Cable system terminal devices manufactured or imported on and after July 1, 1990 shall comply with the provisions of this subpart. Cable system terminal devices manufactured or imported prior to July 1, 1990, shall have the option of complying either with the provisions of this subpart or with the technical specifications of Part 76 of this chapter.

(c) *For cable input selector switches.* Stand-alone mechanical switches manufactured or imported on or after August 19, 1988, and stand-alone electronic switches manufactured or imported on or after October 28, 1988, shall be subject to the provisions of this subpart. Switches manufactured or imported prior to the dates given in this paragraph need only to comply with the provisions of § 15.3 and Part 76 of this chapter.

**§ 15.620 General technical requirements.**

(a) A TV interface device shall incorporate circuitry to automatically prevent emanations from the device from exceeding the technical specifications in this subpart. These circuits shall be adequate to accomplish their function when the TV interface device is presented, if applicable, with video input signal levels in the range of 1 to 5 volts; this requirement is not applicable to TV interface devices that use RF input signals or that incorporate built-in signal sources and have no provisions for the connection of external signal sources.

(b) The TV interface device must be so constructed that adjustments of any control accessible to the user will not cause operation in violation of the requirements of this subpart.

(c) The TV interface device shall be designed and constructed, to the extent practicable, so as to preclude the possibility that the consumer may inadvertently attach the output of the device to the receiving antenna, if any.

**§ 15.622 Field strength limits.**

The field strength of any electromagnetic energy radiated from the cabinet, control circuitry and power leads of a device including that radiated from any associated accessories or attachments shall not exceed the following limits:

| Frequncy (MHz) | Field strength measured CISPR quasi-peak (uV/m at 3 meters) |
|---|---|
| 30–88 | 100 |
| 88–216 | 150 |
| 216–1,000 | 200 |

Notes: 1. The lower limit shall apply at the edge of two frequency bands.

2. The output terminal of a device shall be terminated by a resistance equal to the rated output impedance.

**§ 15.624 Conducted voltage limits.**

The RF voltage measured between each power line and ground at the power terminals of a TV interface device shall not exceed 250 microvolts at any frequency between 450 kHz and 30 MHz, inclusive.

**§ 15.626 Output signal limits.**

(a) The output signals of a TV interface device shall be coupled to the TV receiver by either wires or coaxial cable.

(b) The voltage corresponding to the peak envelope power of the modulated signal during maximum amplitude peaks across a resistance (R ohms) matching the impedance of a TV interface device shall not exceed the following:

| Type of equipment | Maximum voltage measured RMS (microvolts) | |
|---|---|---|
| | Video | Audio |
| TV interface device, unless otherwise specified. | 346.6 square root(R). | 77.5 square root(R). |
| Terminal device attached to a cable system or used with a Master Antenna (including those used for central distribution in apartments or office buildings). | 692.8 square root(R). | 155 square root(R). |

(c) At any RF output terminal, the maximum voltage of any emission appearing on frequencies removed by more than 4.6 MHz below or 7.4 MHz above the video carrier frequency on which the TV interface device is operated shall not exceed the following:

| Type of equipment | Maximum voltage measured RMS (microvolts) |
|---|---|
| TV interface device, unless otherwise specified. | 10.95 square root(R). |
| Terminal device attached to a cable system or used with a Master Antenna (including those used for central distribution in apartments or office buildings). | 692.8 square root(R). |

**Notes:** 1. R (in ohms) is the resistance matching the rated output impedance of the device.

2. Heterodyne terminal devices attached to a cable system (including those used for central distribution in apartments or office buildings) manufactured or imported prior to July 1, 1990, do not have to meet the levels specified in paragraphs (b) and (c) of this section.

**§ 15.630 Transfer switch requirements.**

When measured in either position, transfer switches shall comply with the following requirements:

| Type of equipment | Transfer switch | Required isolation (dB) | Maximum voltage at receiving antenna input terminals (microvolts) |
|---|---|---|---|
| TV interface device, unless otherwise specified. | Mandatory... | Not applicable. | 0.346 square root(R). |
| Terminal device attached to a cable system. | Mandatory, if equipped with antenna input capability. | 80 dB from 54 to 216 MHZ. 60 dB from 216 to 550 MHz. | Not applicable. |

**Notes:** 1. R (in ohms) is a resistance matching the rated impedance of the antenna input of the switch.

2. The maximum voltage corresponds to the peak envelope power of the video modulated signal.

3. A transfer switch is not required for a TV interface device that, when connected, results in the user no longer having any need to receive standard over-the-air broadcast signals via a separate antenna.

4. A transfer switch is not required for a device that is intended to be used as an accessory to an approved TV interface device.

**§ 15.640 Identification of equipment.**

| Type of equipment | Language on name plate or label |
|---|---|
| TV interface device, unless otherwise specified. | This device complies with FCC Rule Part 15. Operation is subject to the following two conditions: (1) This device may not cause harmful interference and (2) this device must accept any interference that may be received, including interference that may cause undesired operation. |
| TV interface device that does not receive standard over-the-air broadcast signals. | This device is intended to be attached to a TV receiver, which does not receive over the air broadcast signals. Connection of this device in any other fashion may cause harmful interference to radio communications and is in violation of the FCC Rules, Part 15. *See* 47 CFR Part 15, Subpart H. |
| Stand-alone cable input selector switch. | This device is verified to comply with FCC Rules Part 15 for use with cable television service. |

**§ 15.642 Identification of TV interface device kits.**

In lieu of the labeling requirements of § 15.640, the following label shall be included in the kit with instructions to the builder that it should be attached to the complete kit:

CERTIFICATION LABEL

(Manufacturers Name)

FCC ID—

This assembled device can be expected to comply with Subpart H of Part 15 of FCC Rules, provided it is assembled in exact accordance with the instructions provided with this kit.

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Name, Title, and Signature of Company Official

**Statement of Compliance**

I certify that I have constructed this kit in exact accordance with the instructions provided with this kit using only the parts provided or recommended by the manufacturer. I understand that the operation of the assembled device is subject to the following two conditions: (1) This device may not cause harmful interference and (2) this device must accept any interference that may be received, including interference that may cause undesired operation.

**§ 15.644 Information to the user for cable system terminal devices.**

Information shall be provided to the user of a cable system terminal device about its interference potential and simple measures that a user can take to correct interference. Such information shall be included in a conspicuous place in the instruction manual. If a manual is not provided to the user then such information should be on a pamphlet, on the device itself, or on the packaging.

**§ 15.646 Requirements for wires and coaxial cables.**

(a) *For TV interface devices.* Wires or coaxial cables to couple the output signals to the TV receiver shall be provided by the manufacturer.

(b) *For cable system terminal devices.* The holder of the grant of authorization for a cable system terminal device shall specify in the instruction manual or pamphlet, if a manual is not provided, the type of wires or coaxial cables necessary to ensure that the unit complies with the requirements of this subpart. The holder of the grant of authorization must provide any wires, coaxial cables or other accessories which are not readily available to the user via retail outlets or mail-order catalogs.

**§ 15.650 Methods of measurements.**

To determine compliance with the provisions of this subpart the following procedures or equivalent, provided the applicant or manufacturer can demonstrate to the Commission that such procedures are, in fact, equivalent shall be used.

(a) *For TV interface devices:* FCC/OST MP-3, "FCC Methods of

Measurements of Output Signal Level, Output Terminal Conducted Spurious Emissions, Transfer Switch Characteristics, and Radio Noise Emissions," (1985).

(b) *For cable input selector switches:* FCC/OET MP-9, "FCC Procedure for Measuring Cable Television Switch Isolation," (September 1987).

Note: MP-3 and MP-9 are available from the National Technical Information Service (NTIS), 5285 Port Road, Springfield, VA 22161 or from the Commission's current duplicating contractor whose name and address are available from the Commission's Consumer Assistance Office.

Part 76 of Title 47 of the Code of Federal Regulations is amended as follows:

## PART 76—CABLE TEVEVISION SERVICE

1. The authority citation for Part 76 continues to read as follows:

Authority: Secs. 2, 3, 4, 301, 303, 307, 308, 309, 48 Stat., as amended, 1064, 1065, 1066, 1081, 1082, 1083, 1084, 1085; 47 U.S.C. 152, 153, 154, 301, 303, 307, 308, 309.

2. Section 76.5(x) is amended by revising the note as follows:

### § 76.5 Definitions.

* * * * *

(x) * * *

Subscriber terminal.

Note: Terminal devices interconnected to subscriber terminals of a cable system shall comply with Subpart H of Part 15.

* * * * *

3. Section 76.617 is revised to read as follows:

### § 76.617 Responsibility for interference.

Interference resulting from the use of cable system terminal equipment (including subscriber terminal, input selector switch and any other accessories) shall be the responsibility of the cable system terminal equipment operator in accordance with the provisions of Part 15 of this chapter: provided, however, that the operator of a cable system to which the cable system terminal equipment is connected shall be responsible for detecting and eliminating any signal leakage where that leakage would cause interference outside the subscriber's premises and/or would cause the cable system to exceed the Part 76 signal leakage requirements. In cases where excessive signal leakage occurs, the cable operator shall be required only to discontinue service to the subscriber until the problem is corrected.

Federal Communications Commission.

**Donna R. Searcy,**

*Secretary.*

[FR Doc. 88-26458 Filed 11-17-88; 8:45 am]

BILLING CODE 6712-01-M

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## INTERSTATE COMMERCE COMMISSION

### 49 CFR Part 1201

[Ex Parte No. 393 (Sub-No. 2)]

## Supplemental Reporting of Consolidated Information for Revenue Adequacy Purposes

**AGENCY:** Interstate Commerce Commission.

**ACTION:** Final Rule.

**SUMMARY:** This decision adopts new reporting requirements for Class I railroads to accommodate revenue adequacy standard changes adopted in Ex Parte No. 393 (Sub-No. 1), *Standards for Railroad Revenue Adequacy* (not printed), served December 31, 1986). Additionally, the Commission has adopted the Railroad Accounting Principles Board's Entity Principle. The intended effect of the changes is to improve our determination of revenue adequacy. The Final Rule calculates Return on Investment (ROI) for revenue adequacy on a consolidated basis using the RAPB's definition of entity, adopts a methodology for adding interest income on the working capital allowance to net railway operating income (NROI) and adopts a methodology for excluding income taxes on nonoperating income. These changes are accomplished by adding a new schedule to railroad Annual Report Form R-1. Further, new recordkeeping requirements are set forth for affiliated companies to support and document the ROI methodology.

**DATES:** *Effective date:* November 18, 1988.

The revised reporting requirement is effective for the 1988 reporting year and is due 30 days after the March 31, 1989 R-1 deadline.

**FOR FURTHER INFORMATION CONTACT:** Brian A. Holmes, (202) 275-7510. [TDD for hearing impaired (202) 275-1721.]

**SUPPLEMENTARY INFORMATION:** The Commission proposed to incorporate certain changes adopted in its Notice of Proposed Rulemaking (NPR) served May 11, 1987, and published in the **Federal Register** on May 12, 1987 (52 FR 17792). Based on the comments received and due to the issuance of the Final Report on Railroad Accounting Principles by the Railroad Accounting Principles Board (RAPB) new issues were raised. Accordingly, the Commission issued a Supplemental Notice of Proposed Rulemaking (SNPR), served February 25, 1988 and published in the **Federal Register** on February 26, 1988 (53 FR 5807).

Additional information is contained in the Commission's decision. To purchase a copy of the full decision, write to Dynamic Concepts, Inc., Room 2229, Interstate Commerce Commission Building, Washington, DC 20423 or call (202) 289-4357 (assistance for the hearing impaired is available through TDD services (202) 275-1721 or by pickup from Dynamic Concepts, Inc. in Room 2229 at Commission headquarters).

This revision will not have a significant economic impact on a substantial number of small entities and this decision will not significantly affect the quality of the human environment or the conservation of energy resources.

It is estimated that an average of 16 burden hours per response are required to complete this collection of information. This estimate includes time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Comments concerning the accuracy of this burden estimate or suggestions for reducing this burden should be directed to the Section of Administrative Services, Interstate Commerce Commission and the Office of Information and Regulatory Affairs, Office of Management and Budget.

The information collection requirements contained in this proposal will be submitted to the Office of Management and Budget (OMB) for review under section 3504(h) of the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35). Respondents may direct comments on any paperwork burden to OMB by addressing them to the Office of Information and Regulatory Affairs, Office of Management and Budget, Attention: Desk Officer for Interstate Commerce Commission.

### List of Subjects in 49 CFR Part 1201

Railroads, Uniform system of accounts.

Decided: October 28, 1988.

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

Lamboley dissented in part with separate expressions.

Noreta R. McGee,

*Secretary.*

Title 49 of the Code of Federal Regulations is amended as follows:

## PART 1201 — RAILROAD COMPANIES

### Subpart A—Uniform System of Accounts

1. The authority citation for Part 1201 continues to read as follows:

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

### General Instructions [Amended]

2. Instruction 1–9 *Transactions with affiliated companies,* is amended by adding paragraph (f) as follows:

*Instruction 1–9 Transactions With Affiliated Companies*

* * * * *

(f) Carriers reporting information on a consolidated or combined basis in railroad Annual Report Form R–1 shall maintain a file with appropriate records and supporting data. This shall include work sheets showing revenues, expenses, earnings, investment in assets and accumulated depreciation for all affiliated railroads and rail-related affiliated companies. The work sheets shall also disclose any eliminations. Carriers shall also disclose the methodology used to support segregation of rail-related or other items as appropraite. Further, a file shall be maintained to support and reconcile entity sales, transfers and reclassifications as well as taxes deducted from gains or losses.

* * * * *

**Editorial note.**—Schedule 250 form and instructions will not be published in the Code of Federal Regulations.

250 CONSOLIDATED INFORMATION FOR REVENUE ADEQUACY DETERMINATION

[Dollars in thousands]

| Line No. | Item (a) | Amount (b) |
|---|---|---|
| | Adjusted Net Railway Operating Income for Reporting Entity | |
| 1 | Combined/Consolidated Net Railway Operating Income for Reporting Entity. | .............. |
| 2 | Add: Interest Income from Working Capital Allowance—Cash Portion. | .............. |
| 3 | Income Taxes Associated with Non-Rail Income and Deductions. | .............. |
| 4 | Gain or (loss) from transfer/reclassification to nonrail-status (net of income taxes). | .............. |
| 5 | Adjusted Net Railway Operating Income. | .............. |
| | Adjusted Investment in Railroad Property for Reporting Entity | |
| 6 | Combined Investment in Railroad Property Used in Transportation Service. | .............. |
| 7 | Less: Interest During Construction. | .............. |
| 8 | Other Elements of Investment (if debit balance). | .............. |
| 9 | Add: Net Rail Assets of Rail Related Affiliates. | .............. |
| 10 | Working Capital Allowance | .............. |
| 11 | Net Investment Base before Adjustment for Deferred Taxes. | .............. |
| 12 | Less: Accumulated Deferred Income Tax Credits. | .............. |
| 13 | Net Investment Base | .............. |

List of Qualifying Affiliates and Nature of Business

### Instructions for Schedule 250

This schedule is to be completed by all railroads unless a consolidated schedule is filed. When a consolidated schedule is filed, only one Class I railroad in the affiliated group need file this schedule. Nonfiling carriers within the group should indicate which affiliated railroad is filing the consolidated schedule. If companies are added or subtracted from the railroad entity during the current year then the new entity must footnote this fact and provide restated information for the prior year.

The following instructions should be followed in completing this schedule:

*Line*

1—Combined/Consolidated Net Railway Operating Income (NROI) should be prepared following the format appearing at the end of Schedule 210 and include all affiliated railroad companies (Classes I, II, III, line-haul and switching and terminal) and all rail-related affiliated companies.

Revenues and expenses from rail-related affiliates should include only rail-related revenues and expenses. If rail-related and nonrail-related revenues and expenses cannot be segregated, or if such segregation is impractical, they may be included in or excluded from NROI in their entirety based on whether the affiliate is predominantly rail-related (i.e., whether the affiliate could exist except for the revenue derived from, or the support provided for, railroad operations). Consolidation procedures should follow generally accepted accounting principles.

2—Interest Income is the actual interest earned on the cash and cash equivalents (Accounts 701 and 702). The average annual balance for the cash and cash equivalents using the format in Schedule 245 to determine interest income shall be determined by averaging the reported figures for Accounts 701 and 702 extracted from the four quarterly Condensed Balance Sheet Reports for the year. If the cash working capital required using the format of Schedule 245 is less than the average cash and temporary cash investment accounts, then a ratio of cash working capital required/cash and temporary cash investments may be applied to actual interest earned on these accounts to arrive at interest income associated with cash working capital allowance. This format does not impact the calculation of working capital.

3—Income taxes (both current and deferred) associated with significant nonrail income and deductions would include items such as the tax impact of the sale of property or income and/or deductions from nonrail sources.

4—Any railroad-related transaction between the railroad entity and others (including affiliates that are not a part of the consolidated entity), or any reclassification of property from carrier to noncarrier status within the entity, shall be reflected at fair market value at the time of the transaction or reclassification. Gain or loss shall be recognized at the same time and reported on this line net of income taxes.

6—This line should include the total investment in railroad property used in transportation service for the consolidated entity, including Class II, III line-haul and switching and terminal affiliated railroads, net of accumulated depreciation. Schedule 352A may be used as a guide.

7—This should include total interest during construction for the railroads in the consolidated entity.

8—This should include total account 80 *debit* balances for the railroads in entity.

9—This is the total rail assets, net of accumulated depreciation, of rail-related affiliated companies in the consolidated entity.

10—This line represents the working capital allowance calculated for railroads (i.e. Class I, II and III) in the consolidated entity. Procedures in Schedule 245 should be used for this calculation.

12—Self-explanatory.

In the space provided at the bottom of this schedule, please list all railroads and rail-related affiliated companies which are being reported in this consolidation, along with the nature of the business of each company.

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