7 CFR Parts 1124 and 1125

[Docket Nos. AO-368-A16 and AO-226-A32; DA-88-108]

Milk in the Oregon-Washington and Puget Sound-Inland Marketing Areas; Order Amending and Merging Orders; Correction

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final rule; correction.

SUMMARY: The final order amending and merging the Oregon-Washington and Puget Sound-Inland Federal milk marketing orders, published in the **Federal Register** on December 30, 1988 (53 FR 52975) contained several errors in the order language (7 CFR Part 1124) for the merged Pacific Northwest marketing area. Corrections to those errors are shown below.

FOR FURTHER INFORMATION CONTACT: Constance M. Brenner, Marketing Specialist, USDA/AMS/Dairy Division, Order Formulation Branch, Room 2968, South Building, P.O. Box 96456, Washington, DC 20090-6456, (202) 447-7183.

SUPPLEMENTARY INFORMATION: The following corrections should be made to the final rule amending and merging the Oregon-Washington and Puget Sound-Inland milk orders that was issued on December 23, 1988, and published in the **Federal Register** on December 30, 1988 (53 FR 52975).

PARTS 124 AND 125—[AMENDED]

§ 1124.40 [Amended]

1. On page 52982, in the second column in § 1124.40(c)(6), in the 2nd line, the citation "§ 1125.41(a)" should read "§ 1124.41(a)".

§ 1124.44 [Amended]

2. On page 52985, in the first column, in § 1124.44(a)(9)(ii), in the 8th line, the citation "(a)(9)(ii) (*a*) through (*c*)" should read "(a)(9)(ii) (A) through (C).

§ 1124.50 [Amended]

3. On page 52986, in the third column, in § 1124.50(c)(3), in the 2nd line, the word "paragraph" should read "paragraphs".

List of Subjects in 7 CFR Parts 1124 and 1125

Milk marketing orders, Milk, Dairy products.

The authority citation for 7 CFR Parts 1124 and 1125 continues to read as follows:

Authority: Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674.

Signed at Washington, DC, on: February 1, 1989.

J. Patrick Boyle,

Administrator.

[FR Doc. 89-2710 Filed 2-3-89; 8:45 am]

BILLING CODE 3410-02-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 97

[Docket No. 25783; Amdt. No. 1392]

Standard Instrument Approach Procedures; Miscellaneous Amendments

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment establishes, amends, suspends, or revokes Standard Instrument Approach Procedures (SIAPs) for operations at certain airports. These regulatory actions are needed because of the adoption of new or revised criteria, or because of changes occurring in the National Airspace System, such as the commissioning of new navigational facilities, addition of new obstacles, or changes in air traffic requirements. These changes are designed to provide safe and efficient use of the navigable airspace and to promote safe flight operations under instrument flight rules at the affected airports.

EFFECTIVE DATES: An effective date for each SIAP is specified in the amendatory provisions.

Incorporation by reference—approved by the Director of the Federal Register on December 31, 1980, and reapproved as of January 1, 1982.

ADDRESSES: Availability of matters incorporated by reference in the amendment is as follows:

For Examination

1. FAA Rules Docket, FAA Headquarters Building, 800 Independence Avenue, SW., Washington, DC 20591;

2. The FAA Regional Office of the region in which the affected airport is located; or

3. The Flight Inspection Field Office which originated the SIAP.

For Purchase

Individual SIAP copies may be obtained from:

1. FAA Public Inquiry Center (APA-200), FAA Headquarters Building, 800 Independence Avenue, SW., Washington, DC 20591; or

2. The FAA Regional Office of the region in which the affected airport is located.

By Subscription

Copies of all SIAPs, mailed once every 2 weeks, are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

FOR FURTHER INFORMATION CONTACT: Paul J. Best, Flight Procedures Standards Branch (AFS-420), Air Transportation Division, Flight Standards Service, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone (202) 267-8277.

SUPPLEMENTARY INFORMATION: This amendment to Part 97 of the Federal Aviation Regulations (14 CFR Part 97) prescribes new, amended, suspended, or revoked Standard Instrument Approach Procedures (SIAPs). The complete regulatory description of each SIAP is contained in official FAA form documents which are incorporated by reference in this amendment under 5 U.S.C. 552(a), 1 CFR Part 51, and 97.20 of the Federal Aviation Regulations (FARs). The applicable FAA Forms are identified as FAA Forms 8260-3, 8260-4, and 8260-5. Materials incorporated by reference are available for examination or purchase as stated above.

The large number of SIAPs, their complex nature, and the need for a special format make their verbatim publication in the **Federal Register** expensive and impractical. Further, airmen do not use the regulatory text of the SIAPs, but refer to their graphic depiction on charts printed by publishers of aeronautical materials. Thus, the advantages of incorporation by reference are realized and publication of the complete description of each SIAP contained in FAA form document is unnecessary. The provisions of this amendment state the affected CFR (and FAR) sections, with the types and effective dates of the SIAPs. This amendment also identifies the airport, its location, the procedure identification and the amendment number.

This amendment to Part 97 is effective on the date of publication and contains separate SIAPs which have compliance dates stated as effective dates based on related changes in the National Airspace System or the application of new or revised criteria. Some SIAP amendments may have been previously issued by the FAA in a National Flight

Data Center (FDC) Notice of Airmen (NOTAM) as an emergency action of immediate flight safety relating directly to published aeronautical charts. The circumstances which created the need for some SIAP amendments may require making them effective in less than 30 days. For the remaining SIAPs, an effective date at least 30 days after publication is provided.

Further, the SIAPs contained in this amendment are based on the criteria contained in the U.S. Standard for Terminal Instrument Approach Procedures (TERPs). In developing these SIAPs, the TERPS criteria were applied to the conditions existing or anticipated at the affected airports. Because of the close and immediate relationship between these SIAPs and safety in air commerce, I find that notice and public procedure before adopting these SIAPs is unnecessary, impracticable, and contrary to the public interest and, where applicable, that good cause exists for making some SIAPs effective in less than 30 days.

The FAA has determined that this 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. For the same reason, the FAA certifies that this amendment 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 14 CFR Part 97

Approaches, Standard Instrument, Incorporation by reference.

Issued in Washington, DC on January 20, 1989.

Robert L. Goodrich,

Acting Director, Flight Standards Service.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me, Part 97 of the Federal Aviation Regulations (14 CFR Part 97) is amended by establishing, amending, suspending, or revoking Standard Instrument Approach Procedures, effective at 0901 G.M.T. on the dates specified, as follows:

PART 97—[AMENDED]

1. The authority citation for Part 97 continues to read as follows:

Authority: 49 U.S.C. 1348, 1354(a), 1421, and 1510; 49 U.S.C. 106(g) (revised, Pub. L. 97-449, January 12, 1983; and 14 CFR 11.49(b)(2)).

By amending: § 97.23 VOR, VOR/DME, VOR or TACAN, and VOR/DME or TACAN; § 97.25 LOC, LOC/DME, LDA, LDA/DME, SDF, SDF/DME; § 97.27 NDB, NDB/DME; § 97.29 ILS, ILS/DME, ISMLS, MLS, MLS/DME, MLS/RNAV; § 97.31 RADAR SIAPs; § 97.33 RNAV SIAPs; and § 97.35 COPTER SIAPs, identified as follows:

. . . *Effective April 6, 1989*

McPherson, KS—McPherson, NDB-A, Amdt. 4
Junction City, KS—Junction City, Muni, NDB-B, Amdt. 1
Clay Center, KS—Clay Center Muni, NDB RWY 35, Amdt. 1

. . . *Effective March 9, 1989*

Sandersville, GA—Kaolin Field, VOR/DME-A, Amdt. 3
Sandersville, GA—Kaolin Field, NDB RWY 12, Amdt. 2
Goshen, IN—Goshen Muni, LOC BC RWY 9, Amdt. 1
New Orleans, LA—New Orleans Intl/Moisant Fld, ILS RWY 28, Amdt. 1
Anoka, MN—Gateway North Industrial, VOR RWY 34, Amdt. 3, CANCELLED
Ramsey, MN—Gateway North Industrial, VOR RWY 34, Orig.
Mansfield, OH—Mansfield Lahm Muni, LOC BC RWY 14, Amdt. 6, CANCELLED
Salisbury, NC—Rowan County, NDB-B, Amdt. 9
Prospectville, PA—Turner Field, VOR RWY 14, Amdt. 4, CANCELLED
Quarryville, PA—Tanglewood, VOR/DME-A, Amdt. 1, CANCELLED
Appleton, WI—Outagamie County, VOR/DME RWY 3, Amdt. 5
Appleton, WI—Outagamie County, LOC BC RWY 21, Amdt. 6
Appleton, WI—Outagamie County, NDB RWY 3, Amdt. 12
Appleton, WI—Outagamie County, NDB RWY 29, Amdt. 6
Appleton, WI—Outagamie County, RNAV RWY 29, Amdt. 6
Black River Falls, WI—Black River Falls Area, NDB RWY 8, Amdt. 4
Sheboygan, WI—Sheboygan County Memorial, NDB RWY 21, Amdt. 6, CANCELLED
Sheboygan, WI—Sheboygan County Memorial, NDB RWY 21, Orig.
Sheboygan, WI—Sheboygan County Memorial, ILS RWY 21, Orig.
Siren, WI—Burnett County, VOR RWY 4, Amdt. 1
West Bend, WI—West Bend Muni, VOR RWY 31, Amdt. 8, CANCELLED
West Bend, WI—West Bend Muni, LOC RWY 31, Orig.
West Bend, WI—West Bend Muni, NDB RWY 31, Amdt. 10

. . . *Effective January 17, 1989*

Iowa Falls, IA—Iowa Falls Muni, NDB RWY 31, Amdt. 3
Big Piney, WY—Big Piney-Marbleton, VOR RWY 31, Amdt. 3

. . . *Effective January 12, 1989*

Kansas City, MO—Kansas City Downtown, ILS RWY 3, Amdt. 1
Newark, NJ—Newark Intl, ILS RWY 4R, Amdt. 7

. . . *Effective January 10, 1989*

Elizabeth City, NC—Elizabeth City CG Air Station/Muni, VOR/DME RWY 1, Amdt. 10

[FR Doc. 89-2627 Filed 2-3-89; 8:45 am]

BILLING CODE 4910-13-M

Research and Special Programs Administration

14 CFR Part 241

[Docket No. 45529; Amendment No. 241-58]

RIN 2137-AA99

Aviation Economic Regulations; Updating the Accounting Provisions for Changes in GAAP

AGENCY: Research and Special Programs Administration, DOT.

ACTION: Final rule.

SUMMARY: This final rule relieves large certificated air carriers from the burden of maintaining an accounting system that differentiates between two sets of accounting principles—generally accepted and regulatory. This action aligns the air carrier accounting provisions in accordance with generally accepted accounting principles and in a manner consistent with facilitating the Department's administration of its aviation responsibilities.

EFFECTIVE DATE: March 8, 1989.

FOR FURTHER INFORMATION CONTACT: M. Clay Moritz, Jr. or Jack M. Calloway, 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 and 366-4383, respectively.

SUPPLEMENTARY INFORMATION:

Background

In a notice of proposed rulemaking (NPRM) issued March 16, 1988, the Department proposed to adopt a policy of relying, to the maximum extent practicable, on generally accepted accounting principles (GAAP), as promulgated by the Financial Accounting Standards Board (FASB), the recognized body of accounting principles, for recording large certificated air carrier financial information (Notice 88-5; 53 FR 9653, March 24, 1988). As noted in the proposed rule, the FASB is recognized as the primary body that is responsible for developing and overseeing accounting principles and disclosure standards for American business.

Essentially, the Department proposed to modify the Part 241 uniform accounting provisions for large certificated air carriers by:

1. Clarifying certain definitions contained in glossary Section 03 and eliminating those definitions that are either already defined by GAAP or no longer needed in the current transportation environment;

2. Eliminating the repetition of GAAP in the Department's general accounting provisions that are contained in Sections 1 "Introduction to System of Accounts and Reports," 2 "General Accounting Policies," and 5 "Balance Sheet Account Groupings"; and

3. Eliminating certain balance sheet and profit and loss accounts that are no longer required for either GAAP or regulatory accounting requirements.

While the NPRM proposed that air carriers be allowed to adopt changes in GAAP at the same time for both financial and regulatory accounting purposes, it also contained a mechanism for resolving conflicts when the Department's regulatory needs for financial data cannot be met through the adoption of a particular GAAP pronouncement. In such situations, the NPRM provided that the Department's Office of Aviation Information Management would issue an Accounting Directive explaining in detail why a particular GAAP pronouncement could not be adopted for regulatory accounting purposes. It was further proposed that the Department's needs would be addressed in a notice of proposed rulemaking if significant objections were raised.

Public Comments

The Department has decided to finalize its revisions to the uniform large certificated air carrier accounting provisions as proposed. Trans World Airlines, Inc. (TWA) filed the only comment to the rulemaking notice. TWA agreed with and fully supported the proposed changes.

Statement of Cash Flows

In a related matter that furthers the objectives of this rulemaking, the Department wishes to address at this time the impact of Financial Accounting Standard (FAS) No. 95 "Statement of Cash Flows." This statement modifies generally accepted accounting principles by requiring all business enterprises to include a "statement of cash flows" as part of a full set of financial statements. Under FAS No. 95, the cash flow statement replaces the statement of changes in financial position.

FAS-95 represents a significant philosophical change in the concept of reporting point-in-time financial position. Cash flow statements focus on cash receipts and payments and explain changes in cash and cash equivalents. Funds flow statements, on the other hand, are prepared on a broader concept of the enterprise's economic activity so as to encompass all the changes in financial position. For example, a funds flow statement would include depreciation expense, amortization expense and increases in deferred income taxes as sources of funds in calculating changes in financial position. None of these three items are included in preparing a cash flow statement since they do not affect a firm's cash position.

The financial schedules that comprise RSPA Form 41 "Report of Financial and Operating Statistics for Large Certificated Air Carriers" for carriers with total annual operating revenues of $10 million or more include Schedules B-1 "Balance Sheet," B-12 "Statement of Changes in Financial Position," and P-1.2 "Statement of Operations." While the inclusion of these three schedules in Form 41 is based on the value of the information to the Department in administering its aviation responsibilities, it also reflects the significance that has been historically placed on these types of reports by the accounting profession and the financial community. Because of this similarity of financial data requirements, carriers have been able to fulfill their financial and regulatory reporting responsibilities by developing a management information system that collects financial data in a manner that facilitates the generation of a balance sheet, statement of operations and statement of changes in financial position.

The private sector's adoption of FAS No. 95 and the Department's Schedule B-12 reporting requirement have combined to create a problem for carrier management information systems by requiring the reporting of point-in-time financial position based on two different perspectives: funds flow versus cash flow. This has created a practical data gathering problem for air carriers since funds flow and cash flow statements require the extraction and maintenance of a different subset of financial information from the carrier's data base in order to generate the respective reports.

While the Department believes that a cash flow statement would be useful in administering its aviation programs, it also feels that changing Schedule B-12 from a funds flow to a cash flow format involves a change in reporting that is significant enough to warrant addressing the issue through the rulemaking process. At the same time, the Department is very concerned about the additional reporting burden that carriers must bear until the rulemaking process can be completed.

Because of this concern, the Department has considered various ways of reducing or eliminating this burden, and has decided to accept waiver requests from affected air carriers to enable them, upon a proper showing of need and a finding by the Department, to file a cash flow statement in lieu of the current Schedule B-12. Each waiver request must be accompanied by a pro forma example of the format the carrier proposes to use in lieu of Schedule B-12. Waiver requests must be addressed to the Director, Office of Aviation Information Management, DAI-1, RSPA, Department of Transportation, Washington, DC 20590.

Adoption of GAAP

By virtue of this final rule, the Department adopts a policy of relying on GAAP, as promulgated by the FASB, as the recognized body of accounting principles for recording air carrier financial information. In adopting this policy, the Department recognizes the possibility that a situation may arise where a change in GAAP could adversely affect the Department's ability to administer its aviation responsibilities. In this circumstance, the Department's Office of Aviation Information Management will issue an Accounting Directive fully explaining why the application of the accounting principle in question would negatively impact administration of the Department's aviation programs. The directive also will provide the necessary accounting guidance required to maintain the accounting integrity of the Department's Uniform System of Accounts and Reports for Large Certificated Air Carriers.

If significant objections are raised by any concerned party or parties to the Department's decision not to implement a particular accounting principle, such objections would be addressed in a notice of proposed rulemaking. Air carriers and any other concerned parties will be encouraged to submit their views and comments on the issues raised. After due deliberation of all comments received, the Department will issue a final rule, stating its conclusions.

It should be noted that the Department's decision to rely on GAAP-based accounting has caused it to retain, rather than eliminate as proposed, account 2860, Subscribed and Unissued Stock. This will allow affected air carriers to account for and disclose the results of stock subscription transactions in accordance with generally accepted accounting principles. Because of this, section 3, Chart of Balance Sheet Accounts, will be editorially revised to include account 2860, which had previously been inadvertently omitted.

Department Regulatory Policies and Procedures

Executive Orders 12291, 12612 and 12630; Department's Regulatory Policies and Procedures; Regulatory Flexibility Act; and Paperwork Reduction Act of 1980.

This action has been reviewed under Executive Order 12291, and it has been determined that this is not a major rule. It will not result in an annual effect on the economy of $100 million or more. There will be no increase in production costs or prices for consumers, individual industries, Federal, State or local governments, agencies or geographic regions. Furthermore, this rule will not adversely affect competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets. These regulations will result in a reduction in reporting burden for large certificated air carriers. Accordingly, a regulatory impact analysis is not required.

This action has been analyzed in accordance with the principles and criteria contained in Executive Orders 12612 and 12630 and it has been determined that the final rule: (1) does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment and (2) does not pose the risk of a taking of constitutionally protected private property.

This regulation is significant under the Department's Regulatory Policies and Procedures, dated February 26, 1979, because it involves important Departmental policies. Its economic impact should be minimal and a full regulatory evaluation is not required.

I certify that this rule will not have a significant economic impact on a substantial number of small entities. For purposes of its aviation economic regulations, Departmental policy categorizes certificated air carriers operating small aircraft (60 seats or less or 18,000 pounds maximum payload or less) in strictly domestic service as small entities for purposes of the Regulatory Flexibility Act. The regulatory amendments will affect only large certificated air carriers.

The accounting requirements in this proposal are subject to the Paperwork Reduction Act, Pub. L. 96-511, 44 U.S.C. Chapter 35. A request for clearance of these requirements will be submitted to the Office of Management and Budget for review. It is anticipated that this rule will result in an annual burden reduction of 17 hours per carrier. Taking into account this reduction, the total estimated annual burden associated with this information collection (OMB Clearance No. 2138-0013) is 502 hours per carrier which represents the estimated burden associated with the Department's Uniform System of Accounts and Reports for Large Certificated Air Carriers. Any comments regarding this burden estimate or any aspect of these information requirements, including suggestions for reducing the reporting burden, may be sent to:

Director, Office of Aviation Information Management, DAI-1, U.S. Department of Transportation, Research and Special Programs Administration, 400 Seventh Street SW., Washington, DC 20590

and

Office of Information and Regulatory Affairs, DOT/RSPA Desk Officer, Office of Management and Budget, Washington, DC 20503.

Regulatory Identification Number

A regulatory information number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN number contained in the heading of this document can be used to cross reference this action with the Unified Agenda.

List of Subjects in 14 CFR Part 241

Air carriers, Uniform system of accounts and reports.

Final Rule

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

PART 241—[AMENDED]

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. Removing sections 1-9, 2-6, 2-7, 2-8, 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-21, 5-1, 5-2, 5-3, 5-4, 5-5, 5-6, 5-7, 5-8 and 5-9.

B. Revising the titles of Sections 2-1, 2-2, 2-3, 2-4, and 2-5 to read:

2-1 Generally accepted accounting principles.
2-2 Basis of allocation between entities.
2-3 Distribution of revenues and expenses within entities.
2-4 Accounting period.
2-5 Revenue and accounting practices.

C. Removing and reserving the title of section 5, Balance Sheet Account Groupings.

Section 03—[Amended]

3. Section 03, Definitions for Purposes of This System of Accounts and Reports, is amended by:

A. Removing the following definitions: Air carrier, route; Air transportation, supplemental; Exposed net asset position; Exposed net liability position; Express; Foreign currency transactions; Foreign currency translation; Forward exchange contract (forward contract); Interest rate implicit in the lease; Lease, Capital; Lease, direct financing; Lease, leveraged; Lease, operating; Lease, sales-type; Lessee's incremental borrowing rate; Marketable (as applied to an equity security); Market price; Market value (equity security); Minimum lease payments; Net unrealized gain or loss, marketable equity securities portfolio; Realized gain or loss, marketable equity security; Schedule, published; Service, irregular (excluding charter and special); Service, special; Service, tourist; Stop, fuel; and Valuation allowance, marketable equity securities portfolio.

B. Revising the following definitions: Agent, cargo; Air carrier, charter; Airport-to-airport distance; Certificate of Public Convenience and Necessity; Flight, developmental; Freight; Mail, nonpriority; Mail, priority; Person controlling an air carrier; Route, certificated; Section 418 cargo operations; Service, charter; Service, mixed; Service, nonscheduled; Stop, flag; Tariff, published; Traffic, deplaned; Traffic, enplaned; and Weight, passenger.

C. Adding the following new definitions: Department, DOT, and Generally Accepted Accounting Principles (GAAP).

* * * * *

Agency, cargo. Any person (other than the air carrier preforming the direct air transportation or one of its bona fide regular employees or an indirect air carrier lawfully engaged in air transportation under authority conferred by any applicable part of the Economic Regulations of the Department) who for compensation or profit: (1) Solicits, obtains, receives or furnishes directly or indirectly property or consolidated shipments of property for transportation upon the aircraft of an air carrier subject to this part, or (2) procures or arranges for air transportation of property upon aircraft of an air carrier subject to this part by charter, lease, or any other arrangement.

* * * * *

Air carrier, charter. An air carrier holding a certificate issued under section 401(d)(3) of the Federal Aviation Act of 1958, as amended.

* * * * *

Airport-to-airport distance. The great circle distance between airports, measured in statute miles in accordance with Part 247 of this Chapter.

* * * * *

Certificate of Public Convenience and Necessity. A certificate issued to an air carrier under section 401, of the Act, by the Department of Transportation authorizing the carrier to engage in air transportation.

* * * * *

Department. Department of Transportation.

* * * * *

DOT. Department of Transportation.

* * * * *

Flight, developmental. A flight for (1) the development of a new route either prior or subsequent to certification by the Department of Transportation; (2) the extension of an existing route; or (3) the integration of a new type of aircraft or service.

* * * * *

Freight. Property, other than mail, transported by air.

Generally accepted accounting principles (GAAP). The body of authoritative accounting knowledge governing the recording, presenting and disclosing of financial transactions, as incorporated in the pronouncements of the Financial Accounting Standards Board.

* * * * *

Mail, nonpriority. All mail for which transportation by air is provided on a space available basis.

Mail, priority. All mail for which transportation by air is provided on a priority basis.

* * * * *

Person controlling an air carrier. Any person, as defined in section 101 (32) of the Act, whom the Department has found, in any proceeding, to control an air carrier, or who holds, directly or indirectly, the legal or beneficial ownership of more than 50 percent of the outstanding voting capital stock or capital of an air carrier, and who does not make a proper showing to the Department that he or she does not control the carrier despite such stock ownership, shall be deemed to be a person controlling the carrier for the purpose of this part. A brokerage firm which holds record ownership of securities merely for the convenience of the customer beneficially owning the stock shall not be deemed a person controlling an air carrier.

* * * * *

Route, certificated. The route(s) over which an air carrier is authorized to provide air transportation by a Certificate of Public Convenience and Necessity issued by the Depatment of Transportation pursuant to section 401(d) (1) or (2) of the Act.

* * * * *

Section 418 cargo operations. The carriage, pursuant to section 418 of the Act, by aircraft of property and/or mail as a common carrier for compensation or hire in commerce between a place in any State of the United States, or the District of Columbia, or Puerto Rico, or the U.S. Virgin Islands, and a place in any other of those entities, or between places in the same State or other entity through the air-space over any place outside thereof, or between places within the District of Columbia, Puerto Rico, or the U.S. Virgin Islands. This includes commerce moving partly by aircraft and partly by other forms of transportation, as well as commerce moving wholly by aircraft.

Service, charter. Nonscheduled air transport service in which the party receiving transportation obtains exclusive use of an agreed upon portion of the total capacity of an aircraft with the remuneration paid by the party receiving transportation accruing directly to, and the responsibility for providing transportation is that of, the accounting air carrier.

* * * * *

Service, mixed. Transport service for the carriage of both first-class and coach passengers on the same aircraft.

Service, nonscheduled. Includes transport service between points not covered by Certificates of Public Convenience and Necessity issued by the Department of Transportation to the air carrier; services pursuant to the charter or hiring of aircraft; other revenue services not constituting an integral part of the services performed pursuant to published schedules; and related nonrevenue flights.

* * * * *

Stop, flag. A point on an air carrier's operating system that is scheduled to be served only when traffic is to be picked up or discharged.

* * * * *

Tariff, published. A publication containing fares and rates applicable to the transportation of persons or cargo and rules relating to or affecting such fares or rates of transportation, filed with the Department of Transportation.

* * * * *

Traffic, deplaned. A count of the number of passengers getting off and tons of cargo unloaded from an aircraft. For this purpose, passengers an cargo on aircraft leaving a carrier's system on interchange flights are considered as deplaning and the interchange point; and passengers and cargo moving from one operation to another operation of the same carrier, for which separate reports are required by the Department of Transportation, are considered as deplaning at the junction point.

Traffic, enplaned. A count of the number of passengers boarding and tons of cargo loaded on an aircraft. For this purpose, passengers and cargo on aircraft entering a carrier's system on interchange flights are considered as enplaning at the interchange point; and passengers and cargo moving from one operation to another operation of the same carrier, for which separate reports are required by the Department of Transportation, are considered as enplaning at the junction point.

* * * * *

Weight, passenger. For the purposes of this part, a standard weight of 200 pounds per passenger (including all baggage) is used for all civil operations and classes of service. Other weights may be prescribed in specific instances upon the initiative of the Department of Transportation or upon a factually supported request by an air carrier.

4. Section 1, Introduction to System of Accounts and Reports, is amended by removing Section 1–9, Conversion of this system of accounts and reports; and revising Sections 1–7 and 1–8 to read:

Sec. 1–7 Interpretation of accounts.

To the end that uniform accounting may be maintained, questions involving matters of accounting significance which are not clearly provided for should be submitted to the Director, Office of Aviation Information Management, DAI–1, Research and Special Programs Administration, for explanation, interpretation, or resolution.

Sec. 1–8 Address for reports and correspondence.

All reports required under this part and related correspondence shall be addressed to: Data Administration Division, DAI–20, Office of Aviation Information Management, Room 4125, Research and Special Programs Administration, U.S. Department of Transportation, 400 Seventh Street, S.W., Washington, D.C., 20590.

Section 2—[Amended]

5. Section 2, General Accounting Policies, is amended by:

A. Removing Sections 2–3, Transactions in foreign currencies; 2–5, Liability accruals; 2–6, Income tax accruals; 2–7, Extraordinary items, discontinued operations, prior period adjustments and accounting changes; 2–8, Unaudited items; 2–9, Improvements, additions and betterments; 2–10, Capitalization of interest; 2–11, Accounting for transactions in gross amounts; 2–12, Acquisition and valuation of assets; 2–13, Establishment of allowances; 2–14, Depreciation and amortization; 2–15, Contingent assets and contingent liabilities; 2–16, Notes of financial statements; 2–18, Transactions between members of an affiliated group; 2–19, [Reserved]; 2–20, Accounting for leases; and 2–21, Accounting for troubled debt restructurings.

B. Redesignating section 2–1 as section 2–2; redesignating section 2–2 as section 2–3, and section 2–17 as section 2–5; and adding a new section 2–1 to read:

Sec. 2.1 Generally accepted accounting principles.

(a) The accounting provisions contained in this part are based on generally accepted accounting principles (GAAP). Persons subject to this part are authorized to implement, as prescribed by the Financial Accounting Standards Board, newly issued GAAP pronouncements until and unless the Director, Office of Aviation Information Management (OAIM), issues an Accounting Directive making an initial determination that implementation of a new pronouncement would adversely affect the Department's programs.

(b) The Director, OAIM, shall review each newly issued GAAP pronouncement to determine its affect on the Department's regulatory programs. If adopting a specific change in GAAP would adversely affect the Department's programs, the Director will issue the results of the review in the form of an Accounting Directive. The directive will state the reasons why the particular change should not be incorporated in the uniform system of accounts and contain accounting guidance for maintaining the integrity of the Department's air carrier accounting provisions.

(c) Objections and comments relating to the Department's decision not to implement a change in generally accepted principles may be addressed to Director, Office of Aviation Information Management/RSPA, DAI–1, U.S. Department of Transportation, Washington, DC 20590. If significant objections are raised urging adoption of a particular GAAP pronouncement, the Department will institute a rulemaking.

C. Revising paragraph (b) of newly redesignated Sec. 2–2 to read as follows:

Sec. 2–2 Basis of allocation between entities

* * * * *

(b) Each transaction shall be recorded and placed initially under accounting controls of the particular air transport entity or organizational division of the air carrier or member of an affiliated group to which directly traceable. If applicable to two or more accounting entities, a proration shall be made from the entity of original recording to other participating entities on such basis that the statements of financial condition and operating results of each entity are comparable to those of distinct legal entities. The allocations involved shall include all debits and credits associated with each entity.

* * * * *

D. Revising the heading for newly redesignated Sec. 2–4 to read as follows:

* * * * *

Section 3—[Amended]

6. Section 3, *Chart of Balance Sheet Accounts*, is amended by adding general classification 2860 under "Stockholders' equity" to read:

Name of account	General classification
* * * *	*
Stockholders' equity:	
* * * *	*
Subscribed and unissued stock	2860
* * * *	*

7. Section 4, *General*, is amended by revising paragraph (b) to read:

Section 4—[Amended]

* * * * *

(b) The balance sheet accounts prescribed in this system of accounts for each air carrier group are set forth in Section 3, Chart of Balance Sheet Accounts. The balance sheet elements to be included in each account are presented in section 6.

Section 5—[Removed and Reserved]

8. Section 5, Balance Sheet Account Groupings, is removed and reserved.

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

A. Revising the description of accounts 1510.1, 1510.2 and 1530 to read:

1510.1 Investments in Investor Controlled Companies

Record here the cost of investments in investor controlled companies except that permanent impairment in the value of securities may be reflected through charges to profit and loss classification 8100, Nonoperating Income or Expense—Net. This account shall also include the equity in undistributed earnings or losses since acquisition. In the event dividends are declared by such companies, the air carrier shall credit this account for its share in dividends declared and debit balance sheet account 1270 Accounts Receivable. This account shall separately state: (a) The cost of such investments at date of acquisition and (b) the equity in undistributed earnings or losses since acquisition.

1510.2 Investments in Other Associated Companies

Record here the cost of investments in associated companies other than investor controlled companies. Cost shall represent the amount paid at the date of acquisition without regard to subsequent changes in the net assets through earnings or losses of such associated companies. However, permanent impairment in the value of securities may be reflected through charges to profit and loss classification 8100, Nonoperating Income or Expense—Net.

1510.3

* * * * *

1530 Other Investments and Receivables

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

Investments in and receivables from associated companies which are not settled currently shall be included in balance sheet account 1510 Investments in Associated Companies.

B. Inserting a paragraph immediately following the center heading, *Operating Property and Equipment* to read:

Operating Property and Equipment

"Operating Property and Equipment" shall encompass items used in air transportation services and services related thereto.

C. Revising paragraph (a) of account 1601 to read:

1601 Airframes

(a) Record here the total cost to the air carrier of airframes of all types and classes together with the full complement of instruments, appurtenances and fixtures comprising complete airframes including accessories necessary to the installation of engines and flight control and transmission systems, except as specifically provided otherwise in accounts 1602 and 1607. Also record here in separate subaccounts the costs of airframes overhauls accounted for on a deferral and amortization basis.

* * * * *

D. Revising paragraph (a) of account 1602 to read:

1602 Aircraft Engines.

(a) Record here the total cost to the air carrier of complete units of aircraft engines of all types and classes together with a full complement of accessories, appurtenances, parts and fixtures comprising fully assembled engines as delivered by the engine manufacturer ready for operation in test but without the accessories necessary to its installation in airframes. Also record here in separate subaccounts the costs of aircraft engine overhauls accounted for on a deferral and amortization basis.

* * * * *

E. Revising the description of account 1607 to read:

1607 Improvements to Leased Flight Equipment.

Record here the total cost incurred by the air carrier for modification, conversion or other improvements to leased flight equipment. Also record here, in separate subaccounts, the costs of airframe and aircraft engine overhauls of leased aircraft accounted for on a deferral and amortization basis.

F. Revising paragraph (a) of account 1608 to read:

1608 Flight Equipment Rotable Parts and Assemblies.

(a) Record here the total cost to the air carrier of all spare instruments, parts, appurtenances and subassemblies related to the primary components of flight equipment units provided for in balance sheet accounts 1601 through 1607, inclusive. This account shall include all parts and assemblies of material value which are rotable in nature, are generally reserviced or repaired, are used repeatedly and possess a service life approximating that of the property type to which they relate. Items of an expendable nature which generally may not be repaired and reused, shall not be recorded in this account but in account 1300 Spare Parts and Supplies. Except for recurrent service sales, flight equipment parts recorded in this account shall not be charged to operating expenses as retired. Profit or loss on sales of parts as a routine service to others shall be included in profit and loss account 14 General Service Sales, and parts sold shall be removed from this account at full cost irrespective of any allowance for depreciation which has been provided.

* * * * *

G. Revising paragraph (a) and the note following paragraph (b) of account 1629 to read:

1629 Flight Equipment Airworthiness Allowances.

(a) Record here accumulated provisions for overhauls of flight equipment.

* * * * *

Note.—At the option of the air carrier, the number "2629" may be assigned to this account for accounting purposes. However, for purposes of reporting on RSPA Form 41, the balance in this account shall be reported under account "1629."

H. Revising paragraphs (a) through (h) of account 1630 to read:

1630 Equipment.

* * * * *

(a) Equipment assigned to aircraft or active line operations as opposed to items held in stock for servicing passengers such as broilers, bottleware, dishes, food boxes, thermos jugs, blankets, first aid kits, etc. Spare items shall be carried in balance sheet account 1300 Spare Parts and Supplies and shall be charged directly to expense upon withdrawal from stock for replacing original complements.

(b) Equipment used in restaurants and kitchens.

(c) Equipment of all types and classes used in enplaning and handling traffic and in handling aircraft while on ramps, including motorized vehicles used in ramp service. Classes of equipment used interchangeably between handling aircraft on ramps and in maintaining aircraft may be classified in accordance with normal predominant use.

(d) Nonairborne equipment of all types and classes used in meteorological and communication services which is not a part of buildings.

(e) Equipment of all types and classes including motorized vehicles used in engineering and drafting services and in maintaining, overhauling, repairing and testing other classes of property and equipment.

(f) Property and equipment of all types and classes used in ground and marine transportation services.

(g) Property and equipment of all types and classes used in storing and distributing fuel, oil and water, such as fueling trucks, tanks, pipelines, etc.

(h) All other ground equipment of all types and classes such as medical, photographic, employees' training equipment, and airport and airway lighting equipment.

I. Revising the descriptions of accounts 1636, 1640 and 1679 to read:

1636 Furniture, Fixtures, and Office Equipment.

Record here the total cost to the air carrier of furniture, fixtures and office equipment of all types and classes wherever used or located.

1640 Buildings.

Record here the total cost to the air carrier of owned buildings, structures and equipment and related improvements. Each air carrier shall maintain the following subaccounts in which the values fairly assignable to maintenance and other operations shall be separately recorded:

1640.1 Maintenance Buildings and Improvements.
1640.9 Other Buildings and Improvements.

1679 Land.

Record here the initial cost and the cost of improving land.

J. Revising paragraph (a) of account 1689 to read:

1689 Construction Work in Progress.

(a) Record here all direct and indirect costs of the air carrier that are expended for constructing and readying property and equipment of all types and classes for installation in operations. The amount reported shall reflect all such expenses that are accumulated to the balance sheet date. Where properly includable in the property and equipment classification, record here also the accumulated costs for uncompleted overhauls of airframes, aircraft engines, or other material units of property.

* * * * *

K. Revising paragraph (a) of account 1695 to read:

1695 Leased Property Under Capital Leases.

(a) Record here the total costs to the air carrier for all property obtained under capital leases.

* * * * *

L. Revising paragraph (a) of account 1696 to read:

1696 Leased Property Under Capital Leases—Accumulated Amortization.

(a) Record here accruals for amortization of leased property obtained under capital leases.

* * * * *

M. Adding a paragraph after the center heading "Nonoperating Property and Equipment" to read:

Nonoperating Property and Equipment

"Nonoperating Property and Equipment" includes investments in property and equipment not separately accounted for within a nontransport division but assigned to other than air transportation and transport-related services, and property and equipment held for future use.

N. Revising the descriptions of accounts 1797, 1798 and 2080 to read:

1797 Property on Operating-type Lease to Others and Property Held for Lease.

Record here the total cost to the air carrier of property on operating-type lease to others and property held for lease.

1798 Property on Operating-type Lease to Others and Property Held for Lease—Accumulated Depreciation.

Record here accruals for depreciation of property on operating-type leases to others and property held for lease.

2080 Current Obligations Under Capital Leases.

Record here the total current liability applicable to property obtained under capital leases.

O. Revising paragraph (b) of account 2120 to read:

2120 Accrued Vacation Liability.

* * * * *

(b) This account shall be credited and the applicable personnel compensation expense account concurrently charged with the cost of any lag between vacations accrued and vacations taken. Accruals may be based upon standard rates of lag, if such standard rates are verified by physical inventory and adjusted accordingly at least once each calendar year. Adjustments of balances in this account shall be cleared to applicable compensation expense accounts.

P. Revising the descriptions of accounts 2130, 2210, 2280, 2340 and 2345 to read:

2130 Accrued Taxes.

(a) Record here accruals for currently payable income and other forms of taxes which constitute a charge borne by the air carrier as opposed to those collected as an agent for others.

(b) Each air carrier shall disclose in the footnotes of its RSPA Form 41 for each calendar quarter whether utilized credits are accounted for by the flow-through method or the deferred method. The method selected shall be consistently followed by the carrier.

2210 Long-Term Debt.

(a) Record here the face value of principal amount of debt securities issued or assumed by the air carrier and held by other than associated companies, which has not been retired or cancelled and is not payable within 12 months of the balance sheet date.

(b) In cases where debt coming due within 12 months is to be refunded, or where payment is to be made from assets of a type not properly classifiable as current, the amount payable shall not be removed from this account. In addition, this account shall include short-term debt obligations when both the intent to refinance the short-term obligations on a long-term basis is established and the ability to consummate this refinancing can be demonstrated.

2280 Noncurrent Obligations under Capital Leases.

Record here the total noncurrent liability applicable to property obtained under capital leases.

2340 Deferred Income Taxes.

Record here credits and debits representing the net tax effect of material timing differences originating and reversing in the current accounting period, giving appropriate recognition to the portion of investment tax credits which would have been allowed if taxes were based on pretax accounting income by a reduction of the deferred tax provision.

2345 Deferred Investment Tax Credits.

Record here investment tax credits utilized as reduction of tax liabilities, when the carrier exercises the option to defer such credits for amortization over the service life of the related equipment.

Q. Removing account 2950, Net Unrealized Loss on Noncurrent Marketable Equity Securities.

R. Revising paragraph (a) of account 2990 to read:

2990 Treasury Stock.

(a) Record here the cost of capital stock issued by the air carrier reacquired by it and not retired or canceled.

* * * * *

Section 7—[Amended]

10. Section 7, Chart of Profit and Loss Accounts, is amended by removing accounts 15, Mutual Aid; 15.*1*, Receipts; and 15.*2*, Payments.

Section 8—[Amended]

11. Section 8, General, is amended by revising paragraphs (d)(1)(i), (d)(2)(i), (d)(5), (d)(6), and (d)(7) to read:

* * * * *

(d) * * *

(1) *Operating revenues.* (i) This primary classification shall include revenues of a character usually and ordinarily derived from the performance of air transportation and air transportation-related services, which relate to services performed during the current accounting year, and adjustments of a recurrent nature applicable to services performed in prior accounting years.

* * * * *

(2) *Operating expenses.* (i) This primary classification shall include expenses of a character usually and ordinarily incurred in the performance of air transportation and air transportation-related services, which relate to services performed during the current accounting year, and adjustments of a recurring nature attributable to services performed in prior accounting years.

* * * * *

(5) *Discontinued operations.* This primary classification (9600) shall include earnings and losses of discontinued nontransport operations and gains or losses from the disposal of nontransport operations the result of which are customarily accounted for through profit and loss objective accounts 86, 87 and 88.2.

(6) *Extraordinary items.* This primary classification (9700) shall include material items characterized by their unusual nature and infrequent occurrence.

(7) *Cumulative effect of changes in accounting principles.* This primary classification (9800) shall include the cumulative effect of material changes in accounting principles.

Section 10—[Amended]

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

A. Amending account 5400, paragraph (e) by revising paragraph c. of account 5300 to read:

5400 Maintenance

* * * * *

(e) * * *

5300 Maintenance Burden.

* * * * *

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

B. By revising the description of account 7000 to read:

7000 Depreciation and Amortization.

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

Section 11—[Amended]

13. Section 11, *Functional Classification—Operating Expenses of Group II and Group III Air Carriers,* is amended by:

A. Amending account 5400, paragraph (e) by revising paragraph c. of account 5300 to read:

5400 Maintenance.

* * * * *

(e) * * *

5300 *Maintenance Burden.*

* * * * *

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

B. By revising the description of account 7000 to read:

7000 Depreciation and Amortization.

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

Section 12—[Amended]

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

A. Revising paragraphs (a) and (c) of account 05 to read:

05 Mail.

(a) Record here revenue from the transportation by air of both United States and foreign mail.

* * * * *

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

05.1 *Priority.*

Record here revenue from United States mail for which transportation by air is provided on a priority basis.

05.2 *Nonpriority.*

Record here revenue from United States mail for which transportation by air is provided on a space available basis.

05.3 *Foreign.*

Record here revenue from the transportation by air of mail other than United States mail.

B. Revising the description of account 08 to read:

08 Public Service Revenues (Subsidy).

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

C. Removing the account title and description of account 15, Mutual Aid.

D. Revising paragraph (a) of account 39 to read:

39 Traffic Commissions.

(a) Record here charges by others, including associated companies, for commissions arising from sales of transportation. Commissions, fees or other charges incurred for general agency services, as opposed to commissions arising from sales of transportation, shall not be included in this account but in profit and loss account 43 General Services Purchased.

* * * * *

E. Revising the description of account 58 to read:

58 Injuries, Loss and Damage.

Record here the remainder of gains, losses or costs resulting from accidents, casualties or mishandlings, after offsetting insurance recoveries, as accumulated until finally determined in balance sheet account 1890 Other Assets and Deferred Charges. This account shall not include gains or losses from retirement of property and equipment resulting from casualties. Such gains or losses shall be recorded in appropriate capital gains or losses accounts.

F. Revising the description of account 61 to read:

61 Foreign Exchange Gains and Losses.

Record here gains or losses from transactions involving currency translations resulting from normal, routine, current fluctuations in rates of foreign exchange. Gains or losses of a nonroutine abnormal character and gains or losses which arise from long-term debt principal and interest transactions shall not be entered in this account but in profit and loss account 85, Foreign Exchange Gains and Losses.

G. Revising paragraph (b) of account 74 to read:

74 Amortization.

* * * * *

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

74.1 *Developmental and Preoperating Expenses*

Record here amortization of the cost of projects carried in balance sheet account 1830 Unamortized Developmental and Preoperating Costs.

74.2 *Other Intangibles.*

Record here mortization of the cost of intangibles not provided for otherwise.

Section 14—[Amended]

15.A. Section 14, Objective Classification—Nonoperating Income and Expense, account 82, paragraph (a), is amended by revising the description of accounts 83.1, 83.2, 83.3, 83.4 to read:

82 Other Interest.

(a) * * *

83.1 *Imputed Interest Capitalized—Credit.*

Record here credits related to imputed interest capitalized and recorded in asset accounts.

83.2 *Imputed Interest Deferred—Debit.*

Record here debits related to imputed interest deferred in balance sheet account 2390, Other deferred credits.

83.3 *Imputed Interest Deferred—Credit.*

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

83.4 *Interest Capitalized—Credit.*

Record here interest which is capitalized and recorded in asset accounts.

* * * * *

B. Account 85 is revised to read as follows:

85 Foreign exchange gains and losses.

Record here gains and losses from transactions involving currency translations resulting from nonroutine abnormal changes in rates of foreign exchange and gains or losses which arise from translations of long-term debt principal and interest transactions.

C. Account 89, paragraph (b), is amended by revising 88.1, 88.3, 88.4, and 89.1 to read as follows:

89 Other nonoperating income and expense—net.

* * * * *

(b) * * *

88.1 *Intercompany Transaction Adjustment—Credit.*

Record here all intercompany credits for any differences between amounts at which transactions between the air carrier and its nontransport divisions or associated companies are initially recorded and are to be settled.

* * * * *

88.3 *Net Unrealized Gain or Loss on Marketable Equity Securities.*

Record here the net unrealized gain or loss on the valuation of marketable equity securities.

88.4 *Net Realized Gain or Loss on Marketable Equity Securities.*

Record here the net realized gain or loss on the valuation of marketable equity securities.

* * * * *

89.1 *Intercompany Transaction Adjustment—Debit.*

Record here all intercompany debits for any differences between amounts at which transactions between the air carrier and its nontransport divisions or associated companies are initially recorded and are to be settled.

* * * * *

Section 15—[Amended]

16. Section 15, Objective Classification—Income Taxes for Current Period, is amended by revising the description of account 91 to read:

91 Provision for Income Taxes.

(a) Record here quarterly provisions for accruals of Federal, State, local, and foreign taxes based upon net income, computed at the normal tax and surtax rates in effect during the current accounting year. In general, this account shall reflect provisions within each period for currently accruing tax liabilities as actually or constructively computed on tax returns, and any subsequent adjustments. This account shall include credits for refund claims arising from the carryback of losses in the year in which the loss occurs, credits for the carry-forward of losses in the year to which the loss is carried, and investment tax credits in the year in which each credit is utilized to reduce the liability for income taxes.

(b) Income taxes shall be allocated among the transport entities of the air carrier, its nontransport divisions, and members of an affiliated group. Under circumstances in which income taxes are determined on a consolidated basis by an air carrier and other members of an affiliated group, the income tax expense to be recorded by the air carrier shall be the same as would result if determined for the air carrier separately for all time periods, except that the tax effect of carryback and carryforward operating losses, investment tax credits, or other tax credits generated by operations of the air carrier shall be recorded by the air carrier during the period in which applied in settlement of the taxes otherwise attributable to any member, or combination of members, of the affiliated group. Any difference between the income tax so recorded and the amount at which settlement is to be made shall be recorded in subaccount 88.1 Intercompany Transaction Adjustment—Credit or in subaccount 89.1 Intercompany Transaction Adjustment—Debit, as is appropriate.

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

91.1 *Income Taxes Before Investment Tax Credits.*

Record here accruals of income taxes based upon taxable income of the period.

91.2 *Investment Tax Credits Utilized.*

Record here investment tax credits utilized to reduce the accrued liability for income taxes.

Section 17—[Amended]

17. Section 17, Objective Classification—Extraordinary Items, is amended by revising the description of account 96 to read:

96 Extraordinary Items.

Record here material items characterized by their unusual nature and infrequent occurrence. Events or transactions which are material and either unusual or nonrecurring, but not both, shall be recorded in the profit and loss accounts to which they relate and disclosed on RSPA Form 41 Schedule P–

2 with identification as to their nature and financial effects.

Section 24—[Amended]

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

A. Revising the title and paragraph (e), and removing paragraphs (f) through (p) to Schedule P–2 to read:

Schedule P–2—Notes to RSPA Form 41 Report

* * * * *

(e) Each scheduled air carrier shall include on this schedule a description of each interruption in air transport operations, the aggregate effect of which is ten (10) percent or more of the scheduled revenue plane-miles which, except for the interruption, would have been operated during the month or either of 2 consecutive months affected. The information to be reported for each such interruption in operations shall consist of:

(1) For the report period in which partial or complete interruption first occurs, the nature of the interruption and dates of partial and/or complete cessation of operations, as applicable;

(2) For each report period until full resumption of operations, an estimate of the revenue plane-miles canceled in each month of the quarter because of the interruption; and

(3) For the report period in which scheduled operations are resumed, dates of partial and/or complete resumption, as applicable.

B. Adding paragraph (f) of Schedule P–5.2 to read:

Schedule P–5.2—Aircraft Operating Expenses

* * * * *

(f) Item 79.6 "Applied Maintenance Burden" shall reflect a memorandum allocation by each air carrier of the total expenses included in subfunction 5300 "Maintenance Burden" between maintenance of flight equipment, by aircraft type, and maintenance of ground property and equipment. The allocation of subfunction 5300 (maintenance burden) shall include the net effect of charges and credits to profit and loss account 5272 Flight Equiment Airworthiness Provisions.

* * * * *

Issued in Washington, DC on January 27, 1989.

M. Cynthia Douglass,

Administrator, Research and Special Programs Administration, DOT.

[FR Doc. 89–2445 Filed 2–3–89; 8:45 am]

BILLING CODE 4910–62–M

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 4

Statement of the Commodity Futures Trading Commission Regarding Disclosure by Commodity Pool Operators of Past Performance Records and Pool Expenses and Request for Comments

AGENCY: Commodity Futures Trading Commission.

ACTION: Interpretive Statement and Request for Comments.

SUMMARY: The Commodity Futures Trading Commission is publishing this interpretive statement and request for comments in order to assist commodity pool operators in complying with requirements concerning the disclosure of past performance records and pool expenses.

DATE: Comments should be received on or before April 7, 1989.

ADDRESS: Please submit written comments to the Office of the Secretariat, Commodity Futures Trading Commission, 2033 K Street NW., Washington, DC 20581.

FOR FURTHER INFORMATION CONTACT: Tobey W. Kaczensky, Associate Director, Division of Trading and Markets, Commodity Futures Trading Commission, 2033 K Street NW., Washington, DC 20581. Telephone: (202) 254–8955.

SUPPLEMENTARY INFORMATION: The Commodity Futures Trading Commission ("CFTC" or "Commission") is today reminding commodity pool operators ("CPOs") who solicit participations, or accept or receive funds, securities or other property in respect of participations, in publicly offered commodity pools registered under the Securities Act of 1933 (the "Securities Act") [1] or the Securities Exchange Act of 1934 ("Exchange Act") [2] of certain disclosure obligations under the Commodity Exchange Act (the "CEA"),[3] as more particularly set forth in Part 4 of the CFTC's regulations.[4] This interpretive statement and request for comments is being issued simultaneously with a companion release of the Securities and Exchange Commission ("SEC") generally addressing the same issues.[5] The CFTC, to the extent applicable, incorporates by reference the views expressed by the SEC in its interpretive statement. Commenters may wish to make the same submission to both agencies. The companion statements reflect a continuing effort on behalf of the CFTC and the SEC to maintain consistent, coordinated requirements for publicly offered commodity pools.

I. Background

Part 4 of the CFTC's regulations contains comprehensive disclosure requirements for CPOs.[6] Among other things, Part 4 requires that a current "Disclosure Document" be delivered to each prospective pool participant prior to the solicitation of the participant or the participant's commitment of funds to a pool.[7] This Disclosure Document also must be filed with the CFTC twenty-one days prior to its first use.[8] Under Commission rules, pool disclosure documents must address specifically the management policies of the pool and how the pool will be traded and operated including, without limitation: the five-year business background of its CPOs, CTAs and their respective principals; the financial interests of such persons in the specific pool being offered; and any actual or potential conflict of interest involving, or any material civil, criminal or administrative action against, any CPO, CTA or the principals of either within the preceding five years. Additionally, the document must indicate: the minimum aggregate amount of funds that must be received before the pool will commence trading; the responsibility, if any, of participants to contribute additional capital; and the pool's policies concerning distributions from profits or capital.[9]

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[1] 15 U.S.C. 77a.

[2] 15 U.S.C. 78a.

[3] 7 U.S.C. 1.

[4] 17 CFR Part 4 (hereinafter, all references to CFTC regulations will use the appropriate CFR citation).

[5] This release principally addresses issues raised in the context of public pools. However, given the fact that the CEA and CFTC regulations thereunder generally apply equally to private pools and to public pools, the views expressed herein, unless otherwise specified, also apply to private pools.

[6] The CEA defines a "commodity pool operator" as "any person engaged in a business which is of the nature of an investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of a contract market . . ." 7 U.S.C. 2. The CEA defines a "commodity trading advisor" ("CTA") as "any person who, for compensation or profit, engages in the business of advising others . . . as to the value of or the advisability of trading in any contract of sale of a commodity for future delivery made or to be made on or subject to the rule of a contract market . . ." 7 U.S.C. 2.

[7] 17 CFR 4.21(a). A "pool" is defined as "any investment trust, syndicate, or similar form of enterprise operated for the purpose of trading commodity interests." 17 CFR 4.10(d).

[8] 17 CFR 4.21(g).

[9] 17 CFR 4.21(a)(8) and 4.21(a)(12).