FEDERAL REGISTER

THE NATIONAL ARCHIVES OF THE UNITED STATES — LITTERA SCRIPTA MANET — 1934

VOLUME 22 NUMBER 150

Washington, Saturday, August 3, 1957

TITLE 49—TRANSPORTATION

Chapter I—Interstate Commerce Commission

PART 10—UNIFORM SYSTEM OF ACCOUNTS FOR RAILROAD COMPANIES

REVISION OF REGULATIONS

At a session of the Interstate Commerce Commission, Division 2, held at its office in Washington, D. C., on the 11th day of June A. D. 1957.

The matter of accounting regulations prescribed for railroad companies, which are not independently operated as electric lines, being under consideration pursuant to provisions of section 20 of the Interstate Commerce Act, as amended; and,

It appearing, that by an order entered August 15, 1952, the Uniform System of Accounts for Railroad Companies, Issue of 1952, was prescribed but has since been variously modified by subsequent orders, and it is deemed necessary for proper reference that the regulations and the several modifications should be consolidated and published in revised form:

It is ordered, That the regulations prescribed by the order of August 15, 1952, including modifications thereof to December 31, 1956, which regulations so modified are hereby referred to and made a part hereof, be, and they are hereby, published in revised form to be cited as the Uniform System of Accounts for Railroad Companies, Issue of 1957; and,

It is further ordered, That notice of this order shall be given to railroad companies subject to its provisions and to the general public by depositing a copy thereof, with the attached regulations in revised form, in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director of the Division of the Federal Register.

By the Commission, Division 2.

[SEAL] HAROLD D. MCCOY, *Secretary.*

APPLICATION

Sec.
10.00 Regulations prescribed.

ACCOUNTING INSTRUCTIONS

INVESTMENT IN ROAD AND EQUIPMENT

10.01 General instructions.
10.01-1 Accounts for investment in road and equipment.
10.01-2 Items to be charged.
10.01-3 Basis of charges.
10.01-4 Cost of construction.
10.01-5 Excavated material.
10.01-6 Items to be credited.
10.01-7 Road property retired.
10.01-8 Property changes.
10.01-9 Equipment retired.
10.01-10 Land retired.
10.01-11 Adjustment for converted property.
10.01-12 Expenses in connection with additions and betterments.
10.01-13 Interpretation of item lists.
10.01-14 Submission of questions.
10.01-15 List of accounting units of property for railroads.

OPERATING REVENUES AND OPERATING EXPENSES

10.02 General instructions.
10.02-1 Operating accounts.
10.02-2 Unaudited items affecting operating accounts.
10.02-3 Delayed items.
10.02-4 Miscellaneous operations.
10.02-5 Submission of questions.
10.02-6 Stockyards.

Operating Revenues

10.03 Special instructions.
10.03-1 Accounts for operating revenues.
10.03-2 Interpretation of item lists.
10.03-3 Accruals of revenues.
10.03-5 Delayed items.

Operating Expenses

10.04 Special instructions.
10.04-1 Accounts for operating expenses.
10.04-2 Maintenance expenses.
10.04-3 Cost of repairs.
10.04-4 Royalties on appliances.
10.04-5 Road property retired.
10.04-6 Distribution of charges for nondepreciable road property retired.
10.04-7 Adjustment for converted property.
10.04-8 Depreciation accounting; road property.
10.04-9 Joint facility accounts.
10.04-10 Clearing accounts.
10.04-11 Gravel and sand pits and quarries.
10.04-12 Power plant operations.
10.04-14 Maintaining transmission and distribution systems.

(Continued on p. 6141)

CONTENTS

Agricultural Marketing Service Page

Proposed rule making:
- Cotton classification under cotton futures legislation 6234
- Milk; in marketing areas of:
  - North central Iowa 6235
  - Texas Panhandle 6234

Rules and regulations:
- Avocados, Florida; U. S. standards for grades 6205
- Lemons grown in California and Arizona; limitation of handling 6208
- Milk; in north central Ohio marketing area; order suspending certain provisions 6208
- Oranges grown in Arizona and designated part of California; limitation of handling 6207

Agriculture Department

See also Agricultural Marketing Service.

Notices:
- Missouri; sale of mineral interests; area designation 6257
- Texas; extension of designation of counties for purpose of making production emergency loans 6257

Army Department

See Engineers Corps.

Atomic Energy Commission

Notices:
- General Electric Co.:
  - Issuance of export license authorizing export of research reactor to Spain 6258
  - Issuance of facility license 6258
- Yankee Atomic Electric Co.; proposed issuance of construction permit 6258

Civil Aeronautics Administration

Rules and regulations:
- Minimum en route IFR altitudes 6211
- Standard instrument approach procedures; alterations 6209

Civil Aeronautics Board

Notices:
- Resort Airlines, Inc., and Hughes Tool Co.; hearing 6258

FEDERAL REGISTER

Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Federal Register Division, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

The FEDERAL REGISTER will be furnished by mail to subscribers, free of postage, for $1.50 per month or $15.00 per year, payable in advance. The charge for individual copies (minimum 15 cents) varies in proportion to the size of the issue. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D. C.

The regulatory material appearing herein is keyed to the CODE OF FEDERAL REGULATIONS, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended August 5, 1953. The CODE OF FEDERAL REGULATIONS is sold by the Superintendent of Documents. Prices of books and pocket supplements vary.

There are no restrictions on the republication of material appearing in the FEDERAL REGISTER, or the CODE OF FEDERAL REGULATIONS.

CFR SUPPLEMENTS

(As of January 1, 1957)

The following are now available:

Title 14, Parts 1–39 (Rev. 1956) ($6.75)

Title 14, Parts 40–399 (Rev. 1956) ($6.00)

Title 46, Part 146 to end ($2.00)

Title 49, Parts 71–90 (Rev. 1956) ($6.25)

All pocket supplements and revised books have been previously announced except Titles 1–3 and the supplement to the General Index.

Order from Superintendent of Documents, Government Printing Office, Washington 25, D. C.

CONTENTS—Continued

Civil Aeronautics Board—Con. Page

Proposed rule making:
- Authority of Administrator to waive compliance with air traffic rules and to designate restricted areas 6252
- Instrument rating based on military competence and additional category ratings for private and commercial pilots 6251

CONTENTS—Continued

Coast Guard Page

Notices:
- Approval of equipment and change in name of manufacturer 6253
- Termination of approval of equipment 6256

Commerce Department

See Civil Aeronautics Administration; Federal Maritime Board; Foreign Commerce Bureau.

Customs Bureau

Rules and regulations:
- Entry of imported merchandise, liability for duties; articles conditionally free, subject to reduced rate; appraisement; miscellaneous amendments 6215

Defense Department

See Engineers Corps.

Engineers Corps

Rules and regulations:
- Chesapeake Bay, Md. and Va.; fishing and hunting 6224

Farm Credit Administration

Rules and regulations:
- Federal land banks; interest rates on loans made through associations 6214

Federal Communications Commission

Notices:
- Hearings, etc.:
  - Grand Haven Broadcasting Co. (WGHN) 6267
  - Hill, Ben, Broadcasting Corp. (WBHB) 6266
  - Laurance, K. C., and Philip D. Jackson 6267
  - Riverside Church in City of New York and Highland Broadcasting Corp 6266
- Ship owners, masters, radio station licensees and others in marine industry; safety of ships 6268

Federal Maritime Board

Notices:
- Hazel Atlas Glass Co. and Inge & Co.; classification and billing of glass tumblers as empty glass jars 6257
- Markt & Hammacher Co.; classification and billing of certain manufactured glassware items as glass bottles and/or jars 6257

Federal Reserve System

Notices:
- Brenton Companies; order extending time for completion of acquisition of voting shares of South Des Moines National Bank 6258

Fish and Wildlife Service

Rules and regulations:
- Hunting and possession of wildlife; migratory birds; open seasons, bag limits, and possession of certain migratory game birds 6224

CONTENTS—Continued

Foreign Commerce Bureau Page

Rules and regulations:
- Denial or suspension of export privileges; compliance orders 6219
- Licensing policies and related special provisions; machinery and parts 6219
- Positive list of commodities and related matters; miscellaneous amendments 6220

Interior Department

See Fish and Wildlife Service; Land Management Bureau; Mines Bureau.

Internal Revenue Service

Proposed rule making:
- Death Duty Convention between United States and Canada 6226

Rules and regulations:
- Procedure and administration; transferees and fiduciaries 6216

Interstate Commerce Commission

Notices:
- Fourth section applications for relief 6269

Rules and regulations:
- Uniform system of accounts for railroad companies 6139

Labor Department

See Public Contracts Division.

Land Management Bureau

Rules and regulations:
- Public land orders:
  - California 6223
  - Idaho 6223
  - New Mexico 6223
  - Washington 6223
  - Wyoming 6223

Mines Bureau

Rules and regulations:
- Stemming devices; tests for permissibility and suitability 6221

Public Contracts Division

Rules and regulations:
- Tolerance for apprentices 6226

Securities and Exchange Commission

Notices:
- Hearings, etc.:
  - God Shops of America, Inc 6265
  - Gunn and McCrary, Inc 6266
  - Pennsylvania Power Co 6264

Treasury Department

See Coast Guard; Customs Bureau; Internal Revenue Service.

CODIFICATION GUIDE

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such.

Title 6 Page

Chapter I:
- Part 10 6214

Title 7

Chapter I:
- Part 27 (proposed) 6234
- Part 51 6205

CODIFICATION GUIDE—Con.

	Page
Title 7—Continued	
Chapter IX:	
Part 911 (proposed)	6234
Part 922	6207
Part 953	6208
Part 995	6208
Part 1005 (proposed)	6235
Title 14	
Chapter I:	
Part 20 (proposed)	6251
Part 60 (proposed)	6252
Chapter II:	
Part 609	6209
Part 610	6211
Title 15	
Chapter III:	
Part 373	6219
Part 382	6219
Part 399	6220
Title 19	
Chapter I:	
Part 8	6215
Part 10	6215
Part 14	6215
Title 26 (1954)	
Chapter I:	
Part 301	6216
Part 570 (proposed)	6226
Title 30	
Chapter I:	
Part 16	6221
Title 33	
Chapter II:	
Part 206	6224
Title 41	
Chapter II:	
Part 201	6226
Title 43	
Chapter I:	
Appendix (Public land orders):	
1450	6223
1451	6223
1452	6223
1453	6223
1454	6223
Title 49	
Chapter I:	
Part 10	6139
Title 50	
Chapter I:	
Part 6	6224

Sec.	
10.04–15	Shop expenses.
10.04–16	Material store expenses.
10.04–17	Stationery store expenses.
10.04–18	Insurance.
10.04–19	Equalization of maintenance expenses.
10.04–20	Accruals of expenses.
10.04–22	Interpretation of item lists.
10.04–23	Delayed items.
10.04–24	Depreciation accounting; equipment.

INCOME, RETAINED INCOME, AND GENERAL BALANCE SHEET

10.05	General instructions.
10.05–1	General ledger accounts.
10.05–2	Leased road and equipment; depreciation.
10.05–3	Closing general ledger.

Income

10.06	Special instructions.
10.06–1	Income accounts defined.
10.06–2	Delayed items.
10.06–3	Unaudited items.

Retained Income

10.07	Special instructions.

General Balance Sheet

10.08	Special instructions.
10.08–1	Balance sheet accounts.
10.08–2	Discount, premium, and assessment on capital stock.
10.08–3	Discount, expense, and premium on funded debt.
10.08–4	Contingent assets and liabilities.
10.08–5	Book value of securities owned.
10.08–6	Income from sinking fund assets.
10.08–7	Current assets.
10.08–8	Joint liabilities.

PROPERTY ACCOUNTS

ROAD

10.0	Road.
10.1	Engineering.
10.2	Land for transportation purposes.
10.2½	Other right-of-way expenditures.
10.3	Grading.
10.5	Tunnels and subways.
10.6	Bridges, trestles, and culverts.
10.7	Elevated structures.
10.8	Ties.
10.9	Rails.
10.10	Other track material.
10.11	Ballast.
10.12	Track laying and surfacing.
10.13	Fences, snowsheds, and signs.
10.16	Station and office buildings.
10.17	Roadway buildings.
10.18	Water stations.
10.19	Fuel stations.
10.20	Shops and enginehouses.
10.21	Grain elevators.
10.22	Storage warehouses.
10.23	Wharves and docks.
10.24	Coal and ore wharves.
10.26	Communication systems.
10.27	Signals and interlockers.
10.29	Power plants.
10.31	Power-transmission systems.
10.35	Miscellaneous structures.
10.37	Roadway machines.
10.38	Roadway small tools.
10.39	Public improvements; construction.
10.40	Revenues and operating expenses during construction.
10.42	Reconstruction of road property acquired.
10.43	Other expenditures; road.
10.44	Shop machinery.
10.45	Power-plant machinery.
10.47	Unapplied construction material and supplies.

EQUIPMENT

10.50	Equipment.
10.51	Steam locomotives.
10.52	Other locomotives.
10.53	Freight-train cars.
10.54	Passenger-train cars.
10.56	Floating equipment.
10.57	Work equipment.
10.58	Miscellaneous equipment.
10.59	Unapplied material and supplies; equipment.

GENERAL EXPENDITURES

10.70	General expenditures.
10.71	Organization expenses.
10.72	General officers and clerks.
10.73	Law.
10.74	Stationery and printing.
10.75	Taxes.
10.76	Interest during construction.
10.77	Other expenditures; general.

OPERATING REVENUES AND OPERATING EXPENSES

REVENUE ACCOUNTS

Transportation

Sec.	
10.100	Transportation; rail line.
10.101	Freight.
10.102	Passenger.
10.103	Baggage.
10.104	Sleeping car.
10.105	Parlor and chair car.
10.106	Mail.
10.107	Express.
10.108	Other passenger-train.
10.109	Milk.
10.110	Switching.
10.113	Water transfers; freight.
10.114	Water transfers; passenger.
10.115	Water transfers; vehicles and livestock.
10.116	Water transfers; other.

Incidental

10.130	Incidental.
10.131	Dining and buffet.
10.132	Hotel and restaurant.
10.133	Station, train, and boat privileges.
10.134	Parcel room.
10.135	Storage; freight.
10.136	Storage; baggage.
10.137	Demurrage.
10.138	Communication.
10.139	Grain elevator.
10.141	Power.
10.142	Rents of buildings and other property.
10.143	Miscellaneous.

Joint Facility

10.150	Joint facility.
10.151	Joint facility—Cr.
10.152	Joint facility—Dr.

EXPENSE ACCOUNTS

Maintenance of Roadway

10.200	Maintenance of way and structures.
10.201	Superintendence.
10.202	Roadway maintenance.
10.206	Tunnels and subways.
10.208	Bridges, trestles, and culverts.
10.210	Elevated structures.
10.212	Ties.
10.214	Rails.
10.216	Other track material.
10.218	Ballast.
10.220	Track laying and surfacing.
10.221	Fences, snowsheds, and signs.
10.227	Station and office buildings.
10.229	Roadway buildings.
10.231	Water stations.
10.233	Fuel stations.
10.235	Shops and enginehouses.
10.237	Grain elevators.
10.239	Storage warehouses.
10.241	Wharves and docks.
10.243	Coal and ore wharves.
10.247	Communication systems.
10.249	Signals and interlockers.
10.253	Power plants.
10.257	Power-transmission systems.
10.265	Miscellaneous structures.
10.266	Road property; depreciation.
10.267	Retirements; road.
10.269	Roadway machines.
10.270	Dismantling retired road property.
10.271	Small tools and supplies.
10.272	Removing snow, ice, and sand.
10.273	Public improvements; maintenance.
10.274	Injuries to persons.
10.275	Insurance.
10.276	Stationery and printing.
10.277	Other expenses.
10.278	Maintaining joint tracks, yards, and other facilities—Dr.
10.279	Maintaining joint tracks, yards, and other facilities—Cr.
10.280	Equalization; way and structures.
10.281	Right-of-way expenses.

Maintenance of Equipment

Sec.
10.300 Maintenance of equipment.
10.301 Superintendence.
10.302 Shop machinery.
10.304 Power-plant machinery.
10.305 Shop and power-plant machinery; depreciation.
10.306 Dismantling retired shop and power-plant machinery.
10.308 Steam locomotives; repairs.
10.311 Other locomotives; repairs.
10.314 Freight-train cars; repairs.
10.317 Passenger-train cars; repairs.
10.323 Floating equipment; repairs.
10.326 Work equipment; repairs.
10.328 Miscellaneous equipment; repairs.
10.329 Dismantling retired equipment.
10.330 Retirements; equipment.
10.331 Equipment; depreciation.
10.332 Injuries to persons.
10.333 Insurance.
10.334 Stationery and printing.
10.335 Other expenses.
10.336 Joint maintenance of equipment expenses—Dr.
10.337 Joint maintenance of equipment expenses—Cr.
10.338 Equalization; equipment.

Traffic

10.350 Traffic.
10.351 Superintendence.
10.352 Outside agencies.
10.353 Advertising.
10.354 Traffic associations.
10.355 Fast freight lines.
10.356 Industrial and immigration bureaus.
10.357 Insurance.
10.358 Stationery and printing.
10.359 Other expenses.

Transportation

10.370 Transportation; rail line.
10.371 Superintendence.
10.372 Dispatching trains.
10.373 Station employees.
10.374 Weighing, inspection, and demurrage bureaus.
10.375 Coal and ore wharves.
10.376 Station supplies and expenses.
10.377 Yardmasters and yard clerks.
10.378 Yard conductors and brakemen.
10.379 Yard switch and signal tenders.
10.380 Yard enginemen.
10.382 Yard switching fuel.
10.383 Yard switching power produced.
10.384 Yard switching power purchased.
10.385 Water for yard locomotives.
10.386 Lubricants for yard locomotives.
10.387 Other supplies for yard locomotives.
10.388 Enginehouse expenses; yard.
10.389 Yard supplies and expenses.
10.390 Operating joint yards and terminals—Dr.
10.391 Operating joint yards and terminals—Cr.
10.392 Train enginemen.
10.394 Train fuel.
10.395 Train power produced.
10.396 Train power purchased.
10.397 Water for train locomotives.
10.398 Lubricants for train locomotives.
10.399 Other supplies for train locomotives.
10.400 Enginehouse expenses; train.
10.401 Trainmen.
10.402 Train supplies and expenses.
10.403 Operating sleeping cars.
10.404 Signal and interlocker operation.
10.405 Crossing protection.
10.406 Drawbridge operation.
10.407 Communication system operation.
10.408 Operating floating equipment.
10.410 Stationery and printing.
10.411 Other expenses.
10.412 Operating joint tracks and facilities—Dr.
10.413 Operating joint tracks and facilities—Cr.
10.414 Insurance.
10.415 Clearing wrecks.
10.416 Damage to property.
10.417 Damage to livestock on right of way.
10.418 Loss and damage; freight.
10.419 Loss and damage; baggage.
10.420 Injuries to persons.

Miscellaneous Operations

10.440 Miscellaneous operations.
10.441 Dining and buffet service.
10.442 Hotels and restaurants.
10.443 Grain elevators.
10.445 Producing power sold.
10.446 Other miscellaneous operations.
10.447 Operating joint miscellaneous facilities—Dr.
10.448 Operating joint miscellaneous facilities—Cr.

General

10.450 General.
10.451 Salaries and expenses of general officers.
10.452 Salaries and expenses of clerks and attendants.
10.453 General office supplies and expenses.
10.454 Law expenses.
10.455 Insurance.
10.456 Relief department expenses.
10.457 Pensions and gratuities.
10.458 Stationery and printing.
10.459 Valuation expenses.
10.460 Other expenses.
10.461 General joint facilities—Dr.
10.462 General joint facilities—Cr.

Condensed Classification of Operating Expenses

10.480 Accounts for small carriers, Class II.

INCOME ACCOUNTS

CREDIT

10.501 Railway operating revenues.
10.502 Revenues from miscellaneous operations.
10.503 Hire of freight cars; credit balance.
10.504 Rent from locomotives.
10.505 Rent from passenger-train cars.
10.506 Rent from floating equipment.
10.507 Rent from work equipment.
10.508 Joint facility rent income.
10.509 Income from lease of road and equipment.
10.510 Miscellaneous rent income.
10.511 Income from nonoperating property.
10.512 Separately operated properties; profit.
10.513 Dividend income.
10.514 Interest income.
10.516 Income from sinking and other reserve funds.
10.517 Release of premiums on funded debt.
10.518 Contributions from other companies.
10.519 Miscellaneous income.
10.520 Delayed income credits.

DEBIT

10.531 Railway operating expenses.
10.532 Railway tax accruals.
10.534 Expenses of miscellaneous operations.
10.535 Taxes on miscellaneous operating property.
10.536 Hire of freight cars; debit balance.
10.537 Rent for locomotives.
10.538 Rent for passenger-train cars.
10.539 Rent for floating equipment.
10.540 Rent for work equipment.
10.541 Joint facility rents.
10.542 Rent for leased roads and equipment.
10.543 Miscellaneous rents.
10.544 Miscellaneous tax accruals.
10.545 Separately operated properties; loss.
10.546 Interest on funded debt.
10.547 Interest on unfunded debt.
10.548 Amortization of discount on funded debt.
10.549 Maintenance of investment organization.
10.550 Income transferred to other companies.
10.551 Miscellaneous income charges.
10.552 Income applied to sinking and other reserve funds.
10.553 Dividend appropriations of income.
10.554 Income appropriated for investment in physical property.
10.555 Stock discount extinguished through income.
10.556 Miscellaneous appropriations of income.
10.557 Delayed income debits.
10.560 Form of income statement.

RETAINED INCOME ACCOUNTS

CREDIT

10.601 Credit balance (at beginning of calendar year).
10.602 Credit balance transferred from income.
10.607 Miscellaneous credits.

DEBIT

10.611 Debit balance (at beginning of calendar year).
10.612 Debit balance transferred from income.
10.613 Retained income applied to sinking and other reserve funds.
10.614 Dividend appropriations of retained income.
10.615 Retained income appropriated for investment in physical property.
10.616 Stock discount extinguished through retained income.
10.618 Miscellaneous appropriations of retained income.
10.621 Miscellaneous debits.

GENERAL BALANCE SHEET ACCOUNTS

DEBIT

10.701 Cash.
10.702 Temporary cash investments.
10.703 Special deposits.
10.704 Loans and notes receivable.
10.705 Traffic and car-service balances—Dr.
10.706 Net balance receivable from agents and conductors.
10.707 Miscellaneous accounts receivable.
10.708 Interest and dividends receivable.
10.709 Accrued accounts receivable.
10.710 Working fund advances.
10.711 Prepayments.
10.712 Material and supplies.
10.713 Other current assets.
10.715 Sinking funds.
10.716 Capital and other reserve funds.
10.717 Insurance and other funds.
10.721 Investments in affiliated companies.
10.722 Other investments.
10.723 Reserve for adjustment of investment in securities—Cr.
10.731 Road and equipment property.
10.732 Improvements on leased property.
10.733 Acquisition adjustment.
10.734 Donations and grants—Cr.
10.735 Accrued depreciation; road and equipment.
10.736 Amortization of defense projects; road and equipment.
10.737 Miscellaneous physical property.
10.738 Accrued depreciation; miscellaneous physical property.
10.741 Other assets.
10.742 Unamortized discount on long-term debt.
10.743 Other deferred charges.

CREDIT

10.751 Loans and notes payable.
10.752 Traffic and car-service balances—Cr.

Sec.
10.753 Audited accounts and wages payable.
10.754 Miscellaneous accounts payable.
10.755 Interest matured unpaid.
10.756 Dividends matured unpaid.
10.757 Unmatured interest accrued.
10.758 Unmatured dividends declared.
10.759 Accrued accounts payable.
10.760 Taxes accrued.
10.761 Other current liabilities.
10.765 Funded debt unmatured.
10.766 Equipment obligations.
10.767 Receivers' and trustees' securities.
10.768 Debt in default.
10.769 Amounts payable to affiliated companies.
10.771 Pension and welfare reserves.
10.772 Insurance reserves.
10.773 Equalization reserves.
10.774 Casualty and other reserves.
10.781 Interest in default.
10.782 Other liabilities.
10.783 Unamortized premium on long-term debt.
10.784 Other deferred credits.
10.785 Accrued depreciation; leased property.
10.791 Capital stock issued.
10.792 Stock liability for conversion.
10.793 Discount on capital stock.
10.794 Premiums and assessments on capital stock.
10.795 Paid-in surplus.
10.796 Other capital surplus.
10.797 Retained income; appropriated.
10.798 Retained income; unappropriated.
10.799 Form of general balance sheet statement.

CLASSIFICATION OF MILEAGE ACCOUNTS

TRAIN MILES

10.800 Rules and definitions.

TRAIN-MILE ACCOUNTS

Transportation Service

10.801 Freight-train miles.
10.802 Passenger-train miles.

Work Service

10.805 Work-train miles.

LOCOMOTIVE MILES

10.810 Rules and definitions.

LOCOMOTIVE-MILE ACCOUNTS

Transportation Service; Line

10.811 Freight locomotive-miles.
10.812 Passenger locomotive-miles.

Transportation Service; Switching

10.815 Train switching locomotive-miles.
10.816 Yard switching locomotive-miles.

Work Service

10.817 Work service locomotive-miles.

CAR MILES

10.820 Rules and definitions.

CAR-MILE ACCOUNTS

Transportation Service

10.821 Freight-train car-miles.
10.822 Passenger-train car-miles.

Work Service

10.825 Work service car-miles.

AUTHORITY: §§ 10.00 to 10.825 issued under sec. 12, 24 Stat. 383, as amended; 49 U. S. C. 12. Interpret or apply sec. 20, 24 Stat. 386, as amended; 49 U. S. C. 20.

NOTE: In this part the numbers assigned to sections thereof include as a whole number, following the decimal point, the number of the prescribed account. Where references throughout the regulations are to an account, as such, only the account number portion of the section number is used. For example: Account 101, "Freight," may be mentioned in the instructions or in the text of another account, and will be found as § 10.101 under operating revenues. Sections devoted to instructions, as distinguished from the texts of the prescribed accounts, are numbered serially § 10.01 to § 10.08, inclusive, with appropriate sub-numbers following a dash.

APPLICATION

§ 10.00 *Regulations prescribed.* Pursuant to provisions of an order entered August 15, 1952, as subsequently amended, carriers by railroad subject to provisions of the Interstate Commerce Act and not independently operated as electric lines, and each lessor of such a carrier, shall comply with regulations in this part which, as presented hereinafter, include all modifications thereof effective January 1, 1957, and prior thereto.

ACCOUNTING INSTRUCTIONS

INVESTMENT IN ROAD AND EQUIPMENT

§ 10.01 *General instructions.* The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries made in the accounts provided in this part for investment in road and equipment. Where the full information is not recorded in the general books, the entries therein shall be supported by other records in which the full details shall be shown. Such general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Interstate Commerce Commission.

§ 10.01–1 *Accounts for investment in road and equipment.* The accounts prescribed in this classification, except in connection with the acquisition of transportation property as provided in accounts 733, "Acquisition adjustment," and 734, "Donations and grants—Cr.," are designed to show the investment of the carrier in property devoted to transportation service. The carrier's investment in physical property other than transportation property is provided for in balance-sheet account 737, "Miscellaneous physical property." "The carrier" means the accounting carrier, except when otherwise specifically indicated. The carrier's records shall be kept in such form that expenditures for additions and betterments may be reported separately from those for original road, original equipment, and road extensions, and shall show separately the expenditures under each authorized addition and betterment project. (See balance-sheet account 731, "Road and equipment property," and 732, "Improvements on leased property.") When a building or structure is used primarily for transportation purposes it is not contemplated that parts of such buildings or structures rented to others will be carried in account 737; nor is it contemplated that irregular parcels of land acquired in connection with acquisition of right-of-way which have no value as commercial property shall be transferred to account 737, either for the purpose of making right-of-way boundaries more or less regular or for the purpose of eliminating from account 731 the cost of unoccupied lands between tracks in yards and terminals.

§ 10.01–2 *Items to be charged.* To these accounts shall be charged the cost of original road, original equipment, road extensions, additions, and betterments; also the estimated values at time of acquisition of right of way and other road and equipment property donated to the carrier, except that unless authorized by the Commission no charges shall be made to these accounts after July 1, 1914, for donations received previously to that date. Applications to the Commission for including such items in the road and equipment accounts shall contain full information concerning the source and character of the donations.

(a) When the property change involves: (1) the acquisition of units and minor items of road property (other than land or tracks) such as defined in paragraphs (e) and (c) of § 10.01–7 *Road property retired* the cost of which is less than $500.00; (2) the betterment of road property (see "Betterments" under paragraph (c) of this section), the betterment cost of which is less than $500.00, the cost of the units and minor items of road property acquired under (1) and betterment costs under (2) shall be charged to operating expenses.

The retirement of units and minor items of road property shall be accounted for in accordance with § 10.01–7 *Road property retired.*

(b) The carrier shall not parcel expenditures or retirements under a general plan for the purpose of bringing the accounting therefor within this rule, neither shall it combine unrelated items of property for the purpose of excluding the accounting therefor from the rule.

(c) The carrier is permitted to adopt for the purpose of its accounting a limit of less than the aforesaid amounts provided it first files with the Commission the maximum amount which it proposes to adopt and makes no subsequent change in this amount except by authority of the Commission, except that when the carrier adopts a limit of less than $500 in reporting property changes for valuation purposes it shall adopt a like minimum for accounting purposes in order to coordinate the original cost with the physical property included in the inventory.

"Construction" includes all processes connected with the acquisition and construction of original road and equipment, road extensions, additions, and betterments.

"Original road" means the land and road property provided and arranged for in the original plan for the construction of a new road. When the acquisition of any road property under the original plan is deferred, such property when acquired, shall be considered an addition. Original road shall not include road property which, under the original plans for the road, it is proposed to substitute at some time subsequent to the beginning of commercial operations, for the property originally installed and used for transportation operations, such as steel bridges substituted for trestles.

"Original equipment" means equipment provided and arranged for under the original plan for the construction of

a new road. When the acquisition of such equipment under the original plan is deferred, such equipment, when acquired, shall be considered as additions.

"Road extensions" means the land and road property provided and arranged for in the original plan for the construction of extensions of existing main lines, additional branch lines, and extensions of existing branch lines. When the acquisition of any road property under the original plan is deferred, such property, when acquired, shall be treated as an addition. Road extensions shall not include road property which, under the original plan for the extensions, it is proposed to substitute, at some time subsequent to the beginning of commercial operations for the property originally installed and used for transportation in connection with the commercial operations, such as steel bridges substituted for trestles.

"Equipment" means the rolling stock, boats, and highway vehicles devoted to transportation service, the cost of which is includible in the equipment accounts.

"Road property" means transportation property other than equipment.

"Additions" are additional facilities, such as additional equipment, tracks (including timber and mine tracks), buildings, bridges, and other structures; additions to such facilities, such as extensions to tracks, buildings, and other structures; additional ties laid in existing tracks; and additional devices applied to facilities, such as air brakes applied to cars not previously thus equipped. When a unit of property is retired from service and replaced with property of like purpose, the newly acquired property shall, for the purpose of this classification, be considered as an addition, and the cost thereof accounted for accordingly. (See § 10.01–7 *Road property retired.*)

"Betterments" are improvements of parts (minor items) of existing facilities through the substitution of superior parts for inferior parts replaced. The cost chargeable to the accounts of this classification is the excess cost of new parts over the cost at current prices of new parts of the kind replaced.

"Cost" shall be actual money costs to the carrier. Where a portion of the funds expended by or for the carrier has been obtained by grants from governmental agencies, or by donations from individuals or others, the accounting shall be in accordance with paragraphs (1), (2), or (3) of this section as may be applicable.

(1) *Donations from individuals or others.* The entire cost of constructing transportation property to which the carrier acquires exclusive title and exclusive right of use shall be included in these accounts without deduction on account of contributions received from others. The money value of donations shall be credited to account 734, "Donations and grants—Cr."

NOTE: Amounts billed against a lessee company for a proportion of the cost of constructing facilities under a contract which covers the joint use of such facilities but does not transfer title, shall be credited by the owning company to account 508, "Joint facility rent income," and charged by the lessee to account 541, "Joint facility rents." The entire cost of the facilities shall be charged by the owning company to the appropriate accounts of this classification.

(2) *Joint projects.* Contributions by governmental agencies, or individuals toward construction of projects involving joint use of facilities by the carrier and others after completion of the project shall not be considered donations and only the cost borne by the carrier in connection with the construction of these projects shall be included in these accounts. In accounting for the cost to the carrier of projects involving joint use of facilities by the carrier and others, such costs shall be first applied to the cost of construction of railway facilities includible in accounts other than 2½, "Other right-of-way expenditures," or 39, "Public improvements—Construction," any remaining balance to be included in account 2½, or account 39, as appropriate.

Illustrations of joint projects referred to are:

(i) Jointly owned tracks, interlockers, etc.;

(ii) Construction or widening of highways, spillways, drainage canals, farm and other private passes, pipe lines, drains and other facilities across the carrier's right of way;

(iii) Construction of overhead or undergrade crossings;

(iv) Installation of warning signals to protect highway traffic.

(3) *Public improvement projects other than joint projects.* In connection with public improvement projects which do not involve joint use by the carrier and others of the facilities after completion of the projects such as reconstruction and relocation of tracks and appurtenant facilities at the expense of governmental agencies, the ledger value of the property retired shall be credited and the cost of constructing the new property shall be charged to the appropriate accounts of this classification. The sum contributed by the governmental agencies unless contract specifies otherwise shall be applied first to reduce or cancel the amount that otherwise would be charged to operating expenses or depreciation reserve in accounting for the retirements, and the remainder, if any, representing cost of railroad property only, shall be credited to account 734, "Donations and grants—Cr." The projects here referred to are those such as occur in connection with the carrying out of flood control, reclamation and other public projects where it becomes necessary to abandon a part of the line of road and relocate it.

§ 10.01–3 *Basis of charges.* The charges to the accounts of this classification shall be based upon the cost of the property acquired. When the consideration given for the purchase or the improvement of property the cost of which is chargeable to the accounts of this classification is other than money, the money value of the consideration at the time of the transaction shall be charged to these accounts, and the actual consideration shall be described in the record in sufficient detail to identify it. The carrier shall be prepared to furnish the Commission, upon demand, the particulars of its determination of the actual cash value of the consideration, if other than money.

§ 10.01–4 *Cost of construction.* It is intended that the accounts for road property and equipment shall include the cost of construction of such property. The cost of construction shall include the cost of labor, materials and supplies, work-train service, special machine service, transportation, contract work, protection from casualties, injuries and damages, privileges, and other analogous elements in connection with such work. The several items of cost here referred to are defined as follows:

(a) "Cost of labor" includes the amount paid for labor expended by the carrier's own employees, including the cost of labor expended for preliminary work, such as sinking test holes or making soundings for tunnels, grading, buildings, and other structures; and cost of labor expended in laying and taking up tracks for temporary use in construction, except the cost of labor expended on tracks provided for the protection of traffic during the progress of addition and betterment work. Office expenses and traveling and other personal expenses of employees, when borne by the carrier, shall be considered a part of the cost of the labor, as shall also the cost of fidelity bonds and employers' liability insurance premiums. When officers or employees are specially assigned to construction work, their pay and their traveling and incidental expenses while thus engaged shall be included in the cost of the work. No charge shall be made against road and equipment accounts for the pay of officers and employees who merely render services incidentally in connection with extensions, additions, or betterments, although traveling and incidental expenses incurred by such officers and employees solely on account of such work shall be included in the account to which the cost of the work is chargeable.

(b) "Cost of materials and supplies" includes the purchase price of materials and supplies, including small tools, at the point of free delivery, plus the cost of inspection and loading assumed by the carrier; also a suitable proportion of store expenses. (See § 10.04–16 *Material store expenses* and § 10.04–17 *Stationery store expenses.*) In calculating the cost of materials used, proper allowance shall be made for the value of unused portions and of cuttings, turnings, borings, etc.; for the value of the material recovered from temporary tracks, scaffolding, cofferdams, and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

(c) "Cost of work-train service" includes amounts paid to others for rent and maintenance of equipment used; cost of labor of enginemen, trainmen, and enginehousemen, including wages of engine crews and train crews held in readiness for such service; and cost of fuel and other supplies consumed in connection with the operation of work trains. It shall also include the cost of maintaining the carrier's own equipment used in construction service. However, no rent or return upon the investment in

such equipment shall be included as a part of the cost of work-train service.

(d) "Cost of special machine service" includes the cost of labor expended and of materials and supplies consumed in maintaining and operating steam shovels, scrapers, rail unloaders, ballast unloaders, pile drivers, dredges, ditchers, weed burners, and other labor-saving machines; also rents paid for use of such machines. (See Note A under account 37, "Roadway machines," and tenth paragraph of general account 50, "Equipment.")

(e) "Cost of transportation" includes the amounts paid to other companies or individuals for the transportation of men, materials and supplies, special machine outfits, appliances, and tools in connection with construction. Freight charges paid foreign lines for the transportation of construction material to the carrier's line shall be included, so far as practicable, as a part of the cost of the material.

(f) "Cost of contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, and costs incident to the award of the contract.

(g) "Cost of protection from casualties" includes expenditures for protection against fire, such as payments for discovery or extinguishment of fires, cost of detecting and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipal corporations and others for fire protection, and other analogous items of expenditure in connection with construction work.

(h) "Cost of injuries and damages" includes expenditures on account of injuries to persons or damage to property when incident to construction projects, and shall be included in the cost of the work in connection with which the injury or damage occurs. It also includes that portion of premiums paid for insuring property applicable to the period prior to the completion or coming into service of the property insured. Insurance recovered on account of compensation paid for injuries to persons incident to construction shall be credited to the accounts to which such compensation is charged, and insurance recovered on account of damages to property incident to construction shall be credited to the accounts chargeable with the expenditures necessary for restoring the damaged property. The cost of injuries and damages incident to the removal of old structures, or parts thereof, shall be charged to operating expenses, except that such costs in connection with the removal of old structures which are incumbrances on newly acquired lands shall be included in account 2, "Land for transportation purposes," or 3, "Grading," as may be appropriate. (See § 10.01–7 *Road property retired.*)

(i) "Cost of privileges" includes compensation for temporary privileges, such as the use of public property or streets, in connection with the construction of the property of the carrier.

§ 10.01–5 *Excavated material.* The cost of disposing of material excavated in connection with construction shall be considered as a part of the cost of the work, except that when such material is used for filling, the cost of removal and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used.

§ 10.01–6 *Items to be credited.* To these accounts shall be credited the ledger value of property retired.

"Ledger value of property" is the value at which the property is carried in the property investment account in the general ledger of the carrier. In case the value of any item of property is not shown separately in the ledger the ledger value of that item shall be its proportionate share of the value of the entire group in which the particular property is included.

"Property retired" means a unit of property whether replaced or not and a minor item not replaced, which is sold, abandoned, demolished, dismantled, or otherwise withdrawn from transportation service.

§ 10.01–7 *Road property retired.* (a) When a unit of road property, other than land, is retired from service, or a minor item is retired and not replaced, the ledger value of the unit or minor item shall be credited to the appropriate road accounts of this classification at the time of retirement from service. The amount of this credit shall be charged concurrently as follows:

(1) *For depreciable property.* The service value (ledger value less value of salvage) shall be charged, and insurance recovered, if any, shall be credited to account 735, "Accrued depreciation—Road and equipment." The charge for the salvage shall be in accordance with the disposition of the material recovered. The cost of dismantling or demolishing the property, if borne by the carrier, shall be charged to account 270, "Dismantling retired road property," or account 306, "Dismantling retired shop and power plant machinery," as may be appropriate.

NOTE: When property included in the depreciable accounts but excluded from the depreciation base is retired, the service value (including engineering expenditures assignable to the retired property but not included in the depreciation base) shall be charged to operating expenses.

(2) *For nondepreciable property.* The service value (ledger value less value of salvage) shall be charged to account 267, "Retirements; Road." The cost of dismantling or demolishing the property, if borne by the carrier, shall be charged to account 270, "Dismantling retired road property." The charge for the salvage shall be in accordance with the disposition of the material recovered.

An equitable proportion of any balances carried in accounts 72 to 77, inclusive, applicable to the road property retired, shall be credited thereto concurrently and charged to account 267, "Retirements; Road."

NOTE: For parts (minor items) of road property retired and replaced for both depreciable and nondepreciable accounts the cost of replacement including cost of removal, shall be charged to the accounts in operating expenses appropriate for the cost of repairing such property.

(b) The term "service value" as applied to road property means the ledger value thereof less the value of the salvage recovered therefrom.

(c) The term "minor item" as applied to road property means the associated parts of which units of road property are composed.

(d) The term "value of salvage" means the amount received for property retired, or for the material salvaged therefrom if sold; or if retained, the value at which the property or the material salvaged therefrom is chargeable to account 712, "Material and supplies," or other accounts of this system of accounts. When such material is retained and again used by the carrier, the value shall be determined by deducting a fair allowance for depreciation from current prices of the material as new. If the retired property is held without being torn down the estimated value of the salvage therefrom shall be included in account 741, "Other assets," until the salvage is recovered.

(e) The term "unit of road property" means those items of road property that are listed in § 10.01–15 *List of accounting units of property for railroads.*

(f) *Leased property.* When a unit of road property used but not owned, other than land, the rent for which is includible in account 542 "Rent for leased roads and equipment," is retired from service, or a minor item is retired and not replaced, the service value of nondepreciable property shall be charged to account 267, "Retirements; Road," by the lessee and the service value of depreciable property shall be charged to the depreciation reserve account by either the lessee or lessor, as appropriate. If under terms of the lease the lessor is obligated to reimburse the lessee for additions and betterments and is credited with the ledger value of retired property, the lessor shall credit the ledger value of the retired property to account 731, "Road and equipment property." If under terms of the lease the lessee bears the cost of additions and betterments without reimbursement and is not obligated to reimburse the lessor for the ledger value of retired property, the lessee shall credit the ledger value to account 732, "Improvements on leased property." The salvage shall be accounted for by the company that has title thereto and charged in accordance with the disposition of the material recovered.

When the lessee makes settlement with the lessor currently for retirements of property leased, the lessee shall credit to account 721, "Investments in affiliated companies," or 722, "Other investments," as applicable, the service value of nondepreciable property charged to account 267, "Retirements; Road," and the lessor shall make corresponding charge to account 769, "Amounts payable to affiliated companies," or other liability accounts, as may be appropriate.

The lessee shall furnish the lessor such information as is required to perform the necessary accounting.

§ 10.01–8 *Property changes*—(a) *Changes in line of road.* When changes are made in a line of road for the purpose of reducing curves or grades, or to eliminate bridges, tunnels, or other

physical features, the part of the line so changed shall be considered property retired and its ledger value credited to the property accounts. The new line of road, including land, grading, ballast, track elements, and other transportation facilities serving it, shall be considered an addition and its cost charged to the property accounts. The cost of such track changes which do not involve change in the existing roadbed shall be charged to operating expenses, even though the tracks may be dismantled in the process, but resulting track extensions or reductions shall be accounted for as additions or retirements, as appropriate, and the betterment cost of improved parts applied shall be charged to property accounts.

(b) *Relocation of yard tracks.* The cost of shifting or rearranging tracks within a yard shall be charged to operating expenses, even though the tracks may be dismantled in the process, but resulting increases or decreases in grading, ballast, or track length shall be accounted for as additions or retirements, as appropriate, and the betterment cost of improved parts applied shall be charged to the property accounts. However, dismantled tracks which are replaced by other tracks outside the existing yard shall be retired from the property accounts. In that case the replacement tracks plus any net increase in trackage due to the yard reconstruction shall be accounted for as additions.

(c) *Major renewals.* (1) When the cost of renewals of a unit of road property, or of a unit of equipment, exclusive of the expense of dismantling and of repairs of old parts reused exceeds fifty percent of the replacement cost new of the kind and class as rebuilt at the time of rebuilding, the unit shall be considered as rebuilt. This rule does not apply to renewal of a unit of roadway property the replacement cost new of which does not exceed $35,000.

(2) The rebuilt unit shall be accounted for as an addition and the old unit accounted for as retired from service. The term "cost of renewals" means the cost of material (other than second-hand parts remaining in the rebuilt unit) plus the cost of labor used in the rebuilding process, exclusive of the expense of dismantling and repairing old parts reused.

(3) The charge to the appropriate road and equipment account for the rebuilt units shall be the sum of (i) the value of the reused parts determined by deducting a fair allowance for depreciation from current prices of new material, and (ii) the cost of labor and additional material applied; both exclusive of the expense of dismantling and repairing old parts reused.

§ 10.01–9 *Equipment retired.* The instructions for accounting for equipment retired are contained in the text of general account 50, "Equipment."

§ 10.01–10 *Land retired.* When any land, the cost of which is included in the accounts of this classification, is retired, the ledger value shall be credited to account 2, "Land for transportation purposes." If the land is retained by the carrier, its estimated value shall be charged to balance-sheet account 737, "Miscellaneous physical property," the necessary adjustment of the difference between the ledger value and the estimated value on acount of the loss in the property due to its retirement from transportation service shall be made through account 621, "Miscellaneous debits". If sold, the difference between the ledger value credited to account 2 and the amount received for the land shall be adjusted through accounts 607, "Miscellaneous credits," or 621, "Miscellaneous debits," as appropriate.

§ 10.01–11 *Adjustment for converted property.* If a unit of equipment by its transfer from one class of service to another, with or without physical conversion, becomes includible in a primary investment account other than that in which it has been carried, it shall be accounted for as retired. (See the text of general account 50, "Equipment.")

In accounting for the retirement of such a unit the retirement accounting should be on a basis consistent with the accounting which would be proper if the carrier were to make no further use of it, as in the case of demolition or sale. Following this principle, the salvage value to be used in arriving at the service value shall be the ledger value of the unit less an allowance to reflect consumed, expired or lost usefulness and in no case shall it be less than the estimated value of the scrap and reusable parts which would be recovered if the unit were dismantled. In arriving at this salvage value, the amount which would have been paid, had the old unit in its second-hand condition been purchased from another company, and the further use which it is contemplated will be made of the unit after conversion, are factors to be given consideration.

In accounting for the unit as converted, its ledger value shall be the estimated salvage value used in the retirement accounting less any salvage recovered and not used in the conversion process plus all expenditures for labor and material necessary to fit the unit for its future use, but not in excess of the cost (at current market prices of labor and material) of a new unit of equal capacity and equal expectation of life in service, less a suitable allowance on account of the second-hand portions remaining therein.

NOTE: The procedure outlined in the foregoing with regard to the transfer of equipment from one class of service to another shall be followed in accounting for fixed property when by its transfer from one class of service to another it becomes includible in a primary investment account other than that in which it has been carried.

§ 10.01–12 *Expenses in connection with additions and betterments.* The cost of removing old material from equipment and from buildings, bridges, wharves, tracks, and other fixed improvements, shall be charged to the appropriate operating expense accounts. Such charges shall include the cost of removing old foundations and filling old excavations, and restoring condition of grounds after addition and betterment work; and maintaining or protecting traffic during the progress of addition and betterment work, including the cost of constructing, maintaining, and removing temporary tracks required for maintaining traffic during the progress of the work.

§ 10.01–13 *Interpretation of item lists.* Lists of "items," "details," etc., have been given as a part of this classification for the purpose of clearly indicating the application of the accounting rules in specific cases. The lists in every case are to be considered as merely representative, and not as excluding from any account analogous items which happen to be omitted from the list appended. On the other hand, the appearance of an item in a list warrants the inclusion of the item in the account concerned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list. The item of boilers, for example, will be found under accounts 18, 27, 37, 44, and 45, and the proper charge in any one instance must be determined by the text of the account.

§ 10.01–14 *Submission of questions.* To the end that uniformity of accounting may be maintained from year to year, carriers shall submit all questions of doubtful interpretation of the accounting rules to the Commission for consideration and decision.

§ 10.01–15 *List of accounting units of property for railroads.* (a) This list of units is established for the purpose of designating the items of property the cost of which shall be written out of road and equipment accounts when the property is retired and replaced. When property is retired and not replaced the cost thereof shall be written out of road and equipment accounts whether or not it constitutes a unit as established in this list.

(b) The cost of replacing minor items, i. e., the component parts of which units of property are composed, shall be charged to operating expenses except for betterments.

(c) The cost of additional units of property, or of additions to units of property in the form of minor items, shall be charged to road and equipment accounts, except as excluded therefrom under the minimum rule.

(d) The units listed are to be considered representative and not as excluding from any account analogous units which are omitted from the list. Where additional units are desired in a given account, appropriate designations may be selected, preferably from a list in other accounts. It is contemplated that the list of units contained herein will be revised and amended from time to time as experience and conditions warrant. All items listed are subject to the effective minimum rule.

Account 3, Grading

A retaining wall, riprap (hand placed), a protecting dyke, a protecting crib, a wing dam, a revetment, mattress, pipe or other structures to provide drainage. Each entire installation.

Account 5, Tunnels and Subways

The entire masonry, entire timber, and entire metal lining of a tunnel or subway, including portals and wing walls.
Drainage. Each entire installation.
Lighting. Each entire installation.
Ventilation. Each entire installation.

Account 6, Bridges, Trestles, and Culverts

A steel superstructure.
A concrete or stone substructure.
A concrete trestle, a complete bridge or approach.
A timber trestle, a complete bridge or approach.
Complete machinery for operating a movable span.
A protecting dyke, a protecting crib (a fender), a wing dam, a complete culvert. Each entire installation.

Account 7, Elevated Structures

Any applicable units listed under account 6, "Bridges, trestles, and culverts".

Account 13, Fences, Snowsheds, and Signs

A complete snowshed.
One continuous mile of right-of-way fence.
One continuous mile of permanent sand or snow fence.

Account 16, Station and Office Buildings

A complete building, including attached platform.
A complete platform structurally detached from a building.
Each retaining wall installation.
Each timber trestle installation.
Each coal pocket installation.
Each outside steam, water, air, etc., pipe line installation.
Each storm or sanitary sewer installation.
A complete fence.
Paving. Each complete installation.
A station stockyard. Each complete installation.
A track scale.
A track scale pit.
An outside crane or conveying system for handling freight.
A motor truck.
A motor tractor.
Any applicable units listed under other accounts.

Account 17, Roadway Buildings

Any applicable units listed under accounts 16, "Station and office buildings," and 44, "Shop machinery."

Account 18, Water Stations

A complete water supply piping system.
A dam or reservoir.
A pump house.
Pumping machinery. Each complete installation.
A water tank. Each complete installation.
A complete track trough at one location.
A water crane. Complete with pit.
A water treating plant.

Account 19, Fuel Stations

A trestle-type coaling station.
Mechanical coaling station. Each complete installation.
A complete fuel supply system, including appurtenances.
A pump house.
A fuel oil storage tank (large).

Account 20, Shops and Engine Houses

A complete building, including attached platform.
A complete platform structurally detached from a building.
A turntable.
A turntable pit.
A transfer table with machinery.
A transfer table pit.
A cinder pit. Each complete installation.
A sand storage and handling and drying apparatus.
Outdoor bins. Each complete installation.
A smoke stack not mounted on boiler.
A lorry track system (outside).
A boiler washing plant. Each complete installation.
An overhead crane, outside.
Each outside pipe installation, steam, air, water, etc.
Each sewer installation, storm or sanitary.
Paving. Each complete installation.
Each shop fence or wall installation.
Any applicable unit under account 16, "Station and office buildings".

Account 21, Grain Elevators

A complete building, including attached platform.
A complete platform structually detached from a building.
A conveyor system complete.
An elevator system complete.
A blowing system complete.
For additional items see account 16, "Station and office buildings," and 44, "Shop machinery".

Account 22, Storage Warehouses

A complete building, including attached platform.
A complete platform structurally detached from a building.
For additional items see account 16, "Station and office buildings," and 44, "Shop machinery".

Account 23, Wharves and Docks

A timber float bridge.
A steel float bridge.
A wharf (including pile clusters).
A timber incline.
A bulkhead.
Jetties or breakwater.
Ferry racks (including pile clusters).
Float racks.
Each complete machinery installation.
For additional items, see accounts 3 "Grading," 6, "Bridges, trestles, and culverts," and 44, "Shop machinery".

Account 24, Coal and Ore Wharves

Car dumper complete.
Timber bridges.
Steel bridges.
Each complete machinery installation.
A loading or unloading machine complete.
Each coal or ore pocket installation.
For additional items, see accounts 6, "Bridges, trestles, and culverts," 16, "Station and office buildings," 20, "Shops and engine houses," 23, "Wharves and docks," and 44, "Shop machinery".

Account 26, Communication Systems

A complete mile section or complete installation if less than a mile of pole line including cross arms, wires and appurtenances.
Each mile or complete installation of cable with associated parts.
Each mile or complete installation of conduit with associated parts.
A complete tower.
A complete installation at each location constituting a separate means of communication, such as radio, radar, carrier telephone, teletype, or other communication systems.
For additional items see account 16, "Station and office buildings".

Account 27, Signals and Interlockers

A signal system installation complete, or section thereof, with associated parts, including masts, batteries, relays, ladder, etc.
A complete mile section or complete installation if less than a mile, of pole line including cross arms, wires and appurtenances.
Each mile or complete installation if less than one mile of cable with associated parts.
Each mile or complete installation if less than one mile of conduit with associated parts.
Switch movement with associated parts.
A complete building.
An interlocking plant complete (excluding machine).
An interlocking machine.
Signal bridge complete.
Each highway crossing protection installation complete.
Each car retarder installation complete.
A traffic control or C. T. C. system installation complete.

Account 29, Power Plants

Any applicable units listed under accounts 16, "Station and office buildings," and 20, "Shops and enginehouses".

Account 31, Power Transmission Systems

A continuous mile, or a separate installation if less than a mile, of catenary complete including catenary hangers, trolley wire and appurtenances.
A continuous mile, or a separate installation if less than a mile, of transmission line, including poles, wires, transformers, switches, and other appurtenances.
Each outside steam, air, etc., pipe line installation.
A manhole.
Substation or switching station complete.
Each mile, or installation if less than a mile, of third rail.
A catenary bridge or support.
A high-tension transmission tower.
Any applicable units listed under accounts 26, "Communication systems," and 27, "Signals and interlockers".

Account 35, Miscellaneous Structures

Any applicable units listed under other accounts.

Account 37, Roadway Machines

Each roadway machine complete including accessories.

Account 39, Public Improvements—Construction

Any applicable units listed under other accounts.

Account 44, Shop Machinery

A machine (including foundation and motor, if any), such as lathes, shapers, slotters, boring machines.
Equipment, such as ash handling.
A furnace.
A boiler installation complete.
A motor vehicle used in shops only.
Testing equipment.
Overhead crane, complete.

Account 45, Power Plant Machinery

A power plant machine, including foundation, such as a turbine, rectifier, dynamo, generator.
Any applicable unit listed under account 44, "Shop machinery".

Account 51, Steam Locomotives

A complete locomotive.
A locomotive, exclusive of tender.
A tender.
A locomotive booster.

Account 52, Other Locomotives

Diesel electric, lead or booster, i. e., "A" or "B" units.
Diesel electric. Extra or spare motors.
Electric locomotive.
Gasoline locomotive.
Gas turbine locomotive.

Account 53, Freight-Train Cars

A complete car.
Motor equipment of a motor driven car.
A propulsion motor including generator.
A freight container, complete.

Account 54, Passenger-Train Cars

A complete car, including interior furnishings.
Motor equipment of a motor driven car.
A propulsion motor, including generator.

Account 56, Floating Equipment

A complete vessel or boat, exclusive of machinery.
Machinery: a boiler, a motor, an engine.

Account 57, Work Equipment

(a) Rail equipment:
(1) A complete car or machine.
(2) A boiler.
(3) An engine.
(4) A motor.
(5) Machinery equipment (with or without tractive machinery) such as concrete mixer, snow plow, derrick, steam shovel, or pile driver.
(6) A complete motor equipment.
(b) Floating equipment—Work:
(1) A complete vessel or boat.
(2) A boiler.
(3) An engine.
(4) A motor.

Any applicable units listed under other accounts.

Account 58, Miscellaneous Equipment

A complete vehicle.

OPERATING REVENUES AND OPERATING EXPENSES

§ 10.02 *General instructions.* The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries made in the accounts provided herein for railway operations. Where the full information is not recorded in the general books, the entries therein shall be supported by other records in which the full details shall be shown. Such general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Interstate Commerce Commission.

§ 10.02–1 *Operating accounts.* The accounts of this classification are designed to show the revenues and expenses (including the maintenance of the facilities used) of the carrier's railway operations, including rail-line transportation, water-line transportation, if any, and services incident to transportation.

"Transportation" includes the receipt, conveyance, and delivery of traffic.

"Rail-line transportation" includes not only the conveyance of traffic over tracks, but also the necessary conveyance by water transfers (ferriage, lighterage, and floatage) either between track terminals or between track terminals and points not reached by tracks.

Carriers are at liberty to subdivide the general and primary accounts here given, but if this option be exercised a statement of the accounts adopted shall be filed with the Interstate Commerce Commission.

"The carrier" means the accounting carrier, except when otherwise specifically indicated.

§ 10.02–2 *Unaudited items affecting operating accounts.* When it is known that a transaction has occurred which affects operating revenues or operating expenses, but the amount involved and its effect upon the accounts cannot be determined with absolute accuracy, the amount thereof shall be estimated and included in the appropriate operating and balance-sheet accounts. Any such estimate shall be revised whenever and at the time a substantial change is indicated and shall be finally adjusted as soon as the exact amount is determined. The carrier is not required to anticipate items which would not appreciably affect the operating accounts.

Any change in practice of accounting for accruals or any unusual accruals involving substantial amounts shall be reported promptly to the Commission. Accruals shall not be recorded for purely speculative items, but shall be limited to reasonable estimates on reliable information of transactions that will be consummated.

§ 10.02–3 *Delayed items.* Delayed items and adjustments, except adjustments pertaining to account 735, "Accrued depreciation—Road and equipment," arising during the current year which are applicable to prior years, shall be included in the same account which would have been charged or credited if the item had been taken up or adjusted in the year to which it pertained. When the amount of the delayed item is relatively so large that its inclusion in the appropriate account for the current year would seriously distort the revenues, expenses or income of the current year, the amount of the delayed item may be credited to account 520, "Delayed income credits," or charged to account 557, "Delayed income debits," as may be appropriate.

When the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month will seriously distort those accounts it may be distributed in equal monthly charges to the remaining months of the calendar year.

"Delayed items" are items representing transactions which occurred before the calendar year.

§ 10.02–4 *Miscellaneous operations.* The revenues and expenses of miscellaneous operations involving the use of such facilities as hotels, restaurants, grain elevators, storage warehouses, power plants, cold storage plants, etc., shall not be included in the accounts of this classification unless the operation of the facilities is conducted by the railway companies in connection with furnishing transportation services.

§ 10.02–5 *Submission of questions.* To the end that uniformity of accounting may be maintained from year to year, carriers shall submit all questions of doubtful interpretation of the accounting rules to the Commission for consideration and decision.

§ 10.02–6 *Stockyards.* The revenues and expenses arising from the operation of stockyards shall not be included in operating revenue or operating expense accounts unless the operation of the facilities is conducted in connection with the transportation of livestock. It is not intended, however, that revenues and expenses arising from incidental public stockyards service rendered by stockyards primarily devoted to transportation services shall be excluded from operating revenues and expenses.

Operating Revenues

§ 10.03 *Special instructions.*

§ 10.03–1 *Accounts for operating revenues.* The accounts provided for operating revenues are designed to show amounts of money which a carrier becomes entitled to receive from transportation and from operations incident thereto.

Credits to the revenue accounts shall as nearly as practicable be upon the basis of accruals of revenue.

Uncollected tariff charges on unclaimed and refused shipments of freight, such refused shipments having been transported in accordance with the contract of shipment, shall be charged to the appropriate revenue account to which shall be credited the proceeds derived from the sale of such unclaimed and refused freight.

The carrier's tariff charges on lost, destroyed, or damaged shipments, for which charges neither consignees nor consignors are liable, shall be charged to the revenue accounts previously credited.

Except as otherwise provided in this section, the revenue accounts shall include collections in excess of proper charges, such collections being subject to refund, and there shall be charged to the revenue accounts uncollectible revenue charges determined after the service has been rendered.

§ 10.03–2 *Interpretation of item lists.* Lists of items to be credited and of items to be charged have been given as a part of the text of this classification for the purpose of clearly indicating the application of the accounting rules. They are not to be considered as comprising all the items creditable or chargeable to the several accounts, but merely as representative of them.

The items contained in the lists of items to be charged to the respective accounts are chargeable only when such items have been, through oversight, included in the credits to the accounts, or they are items of revenue payable to others for service to be rendered in accordance with the tariff provisions applicable to the rates upon which the credits to the several accounts have been based.

§ 10.03–3 *Accruals of revenues.* In order that operating revenue accounts may as nearly as practicable include the full amount of revenues accruing to the carrier each month, the carrier shall accrue currently in the appropriate revenue and balance-sheet accounts estimates of unaudited items affecting revenues. If these estimates are not fully adjusted in the following month, the balances in the balance-sheet accounts shall be kept separately by months until each is adjusted. The carrier is not required to anticipate items which would not appreciably affect the revenue accounts.

§ 10.03–5 *Delayed items.* Cancellation of entries recorded in balance-sheet accounts relating to operating revenues of former years shall be recorded in accordance with § 10.02–3 *Delayed items.*

Operating Expenses

§ 10.04 *Special instructions.*

§ 10.04–1 *Accounts for operating expenses.* The accounts prescribed for operating expenses are designed to show expenses of furnishing transportation service including the expense of maintenance and depreciation of the plant used in the service. The accounting shall be, as nearly as practicable, upon the basis of accruals.

"Road property" means transportation property other than equipment.

Following the texts of the primary operating expense accounts, there is a condensed grouping of the same accounts to be used by Class II carriers. For purposes of this condensed classification, carriers are divided into two general classes, designated respectively Class I and Class II. Class I shall include all carriers having annual operating revenues of $3,000,000 or more; and Class II, all carriers having annual operating revenues less than $3,000,000. In applying this grouping to any switching or terminal company which is operated as a joint facility of owning or tenant railways, the sum of the annual railway operating revenues, the joint facility rent income, and the totals of the joint facility accounts in operating expenses, shall be used in determining its class.

Beginning with the calendar year 1956, the classification of carriers for accounting purposes shall be based on the average annual operating revenues for the 3-year period ended with the calendar year 1955; and, subsequently, if at the close of any calendar year the average of the annual operating revenues for the latest 3-year period is greater or less than the amount applicable to the class in which the carrier has been, its class for the second succeeding year shall change accordingly and the carrier shall remain in such class for a period of not less than three consecutive years; Provided that: (1) Carriers which have operated for a period less than three calendar years shall be classified upon the basis of the average amount of their annual operating revenues for the latest period of such operation; (2) newly organized carriers which commence operations for revenue subsequent to January 1, 1956, shall be assigned to classes, as above defined, on the basis of their operating revenues known or estimated for a year; and (3) carriers shall within 60 days after the close of a calendar year notify the Commission when a change in classification for accounting purposes has taken place.

§ 10.04–2 *Maintenance expenses.* The accounts provided for maintenance of road property and of equipment are designed to show the cost of repairs and also the loss through depreciation of the property used in operations, including all such expenses resulting from ordinary wear and tear of service, exposure to the elements, inadequacy, obsolescence, or other depreciation, or from accident, fire, flood, or other casualty.

The cost of repairs which has been provided for in the several repair accounts shall include the cost of inspecting to determine the repairs necessary, and of adjusting or repairing parts, both of road property and of equipment, such as the repairing of locomotives, cars, frogs, switches, rails, etc.; the cost of inspecting and testing after repairs have been made, such as the testing of locomotives after repairs to determine whether the repairs have been properly made, and the running of repaired locomotives light in order to break them in for regular service; incidental costs of repairs, such as the construction or removal of false work in connection with maintenance, cost of demolishing retired road property and disposing of the wreckage therefrom when the property is dismantled by or for the carrier; cost of maintaining or protecting traffic during the progress of construction work, including the cost of constructing, maintaining and removing temporary tracks required for maintaining traffic during the progress of the work; cost of mowing and beautifying grounds around buildings; repairing fences, sidewalks, driveways, and streets within or adjacent to such grounds; cost of removing snow from roofs of buildings (when not removed by those employed in the buildings); cost of periodical restoration of seasonal features, such as gardens, shrubbery, and lawns; cost of operating hothouses in connection with the work of beautifying grounds; and cost of clearing and removing casual incumbrances, such as ice, snow, and fallen timber.

Distinct maintenance accounts have been provided for expenses of a general character, such as superintendence, stationery and printing, and injuries to persons, which, on account of established practice, it is deemed advisable to segregate.

§ 10.04–3 *Cost of repairs.* It is intended that the repair accounts of this classification shall include the cost of labor, materials and supplies, work-train service, floating equipment work service, special machine service, contract work, privileges, protection from casualties, and other analogous items of expense in connection with the maintenance of the plant used in railway service. The several items of cost here referred to are defined as follows:

(a) "Cost of labor" includes amounts paid for the labor of the carrier's own employees. Except where otherwise specified in the text of the accounts, the cost of boarding, traveling, and other incidental expenses of employees shall be included in the accounts to which the pay of the employees is chargeable.

(b) "Cost of materials and supplies" includes the cost of materials and supplies, including small tools, at the point of free delivery, plus freight charges of foreign lines, and the costs of inspection and loading assumed by the carrier; also a proportion of store expenses (see § 10.04–16 *Material store expense*). It should not, however, include expenses of transportation over the carrier's line. In calculating the cost of materials used proper allowance shall be made for the value of unused portions and of cuttings, turnings, borings, etc., and for the value of the material recovered from property repaired and from temporary tracks, scaffolding, cofferdams, and other temporary structures used in repair work.

(c) "Cost of work-train service" includes cost of labor of enginemen, trainmen, and enginehouse men, including the wages of engine crews and train crews held in readiness for such service; and the cost of fuel and other supplies consumed in connection with the operation of work trains.

(d) "Cost of floating equipment work service" includes cost of labor of crews, including wages of crews held in readiness for service; and the cost of fuel and other supplies consumed in connection with the operation of floating equipment work service.

(e) "Cost of special machine service" includes the cost of labor expended and of materials and supplies consumed in operating steam shovels, scrapers, rail unloaders, ballast unloaders, pile drivers, dredges, ditchers, weed burners, and other labor-saving machines; also rents paid for use of such machines.

(f) "Cost of contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals and specific expenses incident to the award of the contract.

(g) "Cost of privileges" includes amounts paid for special privileges, such as the temporary use of public property or streets, in connection with the repairs of the property of the carrier. (Periodical payments for such privileges in connection with permanent use of public property for railway operations shall be included in the income accounts.)

(h) "Cost of protection from casualties" includes expenditures for protection against damage by fire, flood, etc., such as payments for discovery or extinguishment of fires, cost of detecting and prosecuting incendiaries, expense for witnesses in relation thereto, amounts paid to municipal corporations and others for fire protection, and other analogous items of expense in connection with repair work, but does not include insurance premiums paid to assure reimbursement for prospective losses.

§ 10.04–4 *Royalties on appliances.* The royalties for patent rights on mechanical appliances used in repairs of equipment shall be included in the cost of the repairs.

§ 10.04–5 *Road property retired.* The service value (ledger value less salvage and insurance recovered, if any) of road property retired and replaced with property of like purpose, together with the cost of demolishing and removing the retired property, shall be accounted for in accordance with § 10.01–7 *Road property retired.*

§ 10.04–6 *Distribution of charges for nondepreciable road property retired.* In case the amount chargeable to operating expenses for nondepreciable property retired, as provided in § 10.01–7 *Road property retired,* is relatively large and its inclusion would seriously distort the expenses for the year, the carrier, if so authorized by the Commission, may charge the amount thereof to account 743, "Other deferred charges," and distribute it thereafter in accordance with the provisions of that account to operating expenses of the current and succeeding years.

§ 10.04–7 *Adjustment for converted property.* When a unit of equipment or fixed property by its transfer from one class of service to another, with or without physical conversion, becomes includible in a primary investment account other than that in which it has been carried, the procedure outlined in § 10.01–11 *Adjustment for converted property* shall be followed.

§ 10.04–8 *Depreciation accounting; road property.* (a) There shall be charged monthly to operating expenses or other appropriate accounts and credited to account 735, "Accrued depreciation—Road and equipment," during the service life of depreciable road property amounts which will approximate the loss in service value not restored by current repairs or covered by insurance. The charges for currently accruing depreciation shall be computed in conformity with the group plan by applying to the original cost, or the estimated original cost of the road property as found for valuation purposes, such percentage rates as will distribute the service value by the straight-line method in equal annual charges to operating expenses or other accounts during the estimated life of the property. Pending the compilation of the original cost figures to a current date, the carrier shall use as a depreciation base such figures as far as they have been summarized and add thereto the cost for the subsequent years as recorded in its Order No. 3 records and accounts. Such adjustment of original cost figures as may be necessary after the original cost figures have been summarized by the Commission to a current date shall be made at that time.

NOTE: If a carrier submits proof that the actual cost to it of the depreciable road property which it owns or the actual cost to the owner of the depreciable road property which it uses and for which depreciation accounting is required, was substantially different from the original cost figures for valuation purposes, with the approval of the Commission, such carrier may use such actual cost figures as the depreciation base.

(b) As soon as the information can be assembled the carrier shall file with the Commission composite annual percentage rates estimated to be applicable to the original cost or estimated original cost of the property in each primary account covering depreciable road property owned or used by it. These percentage rates shall be based on the estimated service values and service lives of the road property developed by a study of the carrier's history and experience and such engineering and other information as may be available with respect to future conditions. Such percentage rates shall, for each primary account comprised of more than one class of road property, produce a charge for depreciation based on the original cost or estimated original cost of the depreciable property included in such account equal to the sum of the amounts that would otherwise be chargeable as depreciation for each of the various classes of property included in such account. The annual percentage rates when filed shall be accompanied by a sworn statement showing the bases therefor and the methods employed in their computation.

(c) The carrier shall keep such records of depreciable property and property retirements as will reflect the service life of property which has been retired, or will permit the determination of service life indications by mortality, turnover, or other appropriate methods; also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable property. The carrier shall be prepared at any time, upon direction of the Commission, to compute and submit for its approval revised percentage rates in cases where existing rates are deemed inapplicable.

(d) A separate composite annual percentage rate for each account covering depreciable property shall be used in computing depreciation charges. Such composite rates shall be those which are from time to time prescribed by the Commission except, that where no rates for any class of property have previously been prescribed for the carrier's use by the Commission, the carrier's estimate of composite annual percentage rates computed in accordance with paragraph (b) of this instruction shall be used prior to the date such rates are prescribed by the Commission.

(e) In computing monthly charges the annual percentage rates shall be applied to the depreciation base as of the first of each month and the result divided by twelve.

(f) In the event annual percentage rates prescribed by the Commission, in the judgment of the carrier, become no longer currently applicable, it shall in like manner file revised annual percentage rates which in its judgment should be established. Where property is acquired for which no rates have been prescribed the carrier shall immediately compile and submit to the Commission appropriate estimates developed in accordance with the provisions of paragraph (b) of this instruction.

(g) For the purpose of the group plan of depreciation accounting for road property the following primary accounts under § 10.0 *Road*, are classed as depreciable accounts:

1. Engineering (as appropriately assigned, but not distributed, to the other depreciable accounts in arriving at the amounts used as the depreciation base).
2½. Other right-of-way expenditures.
3. Grading (depreciable property recorded in this account).
5. Tunnels and subways.
6. Bridges, trestles and culverts.
7. Elevated structures.
13. Fences, snowsheds, and signs.
16. Station and office buildings.
17. Roadway buildings.
18. Water stations.
19. Fuel stations.
20. Shops and enginehouses.
21. Grain elevators.
22. Storage warehouses.
23. Wharves and docks.
24. Coal and ore wharves.
26. Communication systems.
27. Signals and interlockers.
29. Power plants.
31. Power-transmission systems.
35. Miscellaneous structures.
37. Roadway machines.
39. Public improvements—construction.
44. Shop machinery.
45. Power-plant machinery.

NOTE: With respect to accounts 2½, 3, 5, and 39, carriers may confine the accruals to the depreciable property recorded therein by applying the percentage rates to the aggregate cost of such property (omitting nondepreciable property), in computing depreciation charges, or they may request percentage rates covering obsolescence due to the premature retirement of certain nondepreciable property, in which case the composite percentage rates will be applied to the total amount recorded in each of the accounts in computing depreciation charges.

(h) The accounting for depreciation on road property leased from others shall be in accordance with § 10.05–2 *Leased road and equipment; depreciation.* The depreciation on road property includible in operating expenses by the lessee under that instruction shall be computed and stated under the group plan in accordance with the foregoing instructions pertaining to the carrier's own road property.

(i) The term "group plan" means the plan under which depreciation charges are accrued upon the basis of the original cost of depreciable road property for each primary road account using the service lives of the individual depreciable units in the accounts and properly weighting to determine the composite annual rate of depreciation. Upon the retirement of a unit of property, its full service value is chargeable to account 735, "Accrued depreciation—Road and equipment," whether or not the particular item has attained the average service life.

(j) The owning carrier shall include in the depreciation accounts in operating expenses the charges for depreciation on units of depreciable property jointly used with one or more other carriers. The owning carrier shall credit and each using carrier shall charge the appropriate joint facility accounts in operating expenses with the amounts billed by the owning carrier against each using carrier for its proportion of the service loss on property retired from service whether billed currently as depreciation or when retirements occur as the loss in service value. The using carriers shall be required to account for depreciation or retirement of units of road property jointly used but not owned only to the extent of their contract liability. The same principle shall apply to terminal companies and their nonowner tenants in accounting for depreciation accruals or retirement charges recorded in the accounts of the terminal companies.

(k) If the cause of the retirement of the unit or units of road property is not a recognized factor in depreciation and the loss is not covered by insurance, the carrier may upon proof that the charge will result in unduly depleting the depreciation reserve, and with the approval of the Commission, charge all or a part of the service value of the property, less the estimated depreciation accrued thereon, to account 743, "Other deferred charges," and distribute it from that account to account 267, "Retirements—Road."

§ 10.04–9 *Joint facility accounts.* Accounts thus designated have been provided for the joint users of tracks, bridges, yards, wharves, stations, and other facilities to indicate the proper accounting for settlements which cover income and operating expenses in connection with the use of such facilities, and for settlement covering cost of yard service. When the compensation for the use of facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned by the operating company among the joint facility operating expense and income accounts. The creditor shall show the distribution of these charges upon its bills, and such distribution shall be adhered to by the debtor.

Train service in connection with the line haul of traffic, including that operated under a joint arrangement for the benefit of two or more carriers is not considered a joint facility operation and the settlements between carriers covering items chargeable to accounts 392 to 403, inclusive, shall not be included in the joint facility accounts. (See Case 297, Accounting Bulletin No. 15.)

§ 10.04–10 *Clearing accounts.* In recognition of the fact that certain expenditures incident to the construction and the operation of property are not chargeable directly to any particular property investment or expense account, clearing accounts have been provided for the purpose of securing an equitable distribution of such items to the proper primary accounts, as hereinafter set forth.

§ 10.04–11 *Gravel and sand pits and quarries.* When a gravel or sand pit or quarry is opened for operations likely to extend over a long period, an account shall be set up designated "Operations of gravel pit at _____," or "Operations of quarry at _____," as the case may be. To this account shall be charged:

(a) That part of the cost of the land in excess of its estimated value after the gravel, sand, or stone has been removed, the amount thus charged being concurrently credited to the property account in which the cost of the land is included.

(b) Amounts paid for the right to enter upon and remove ballast from land not owned by the carrier.

(c) The cost of sinking test holes.

(d) The expenses for clearing, stripping, draining, and ditching the land, and of moving and changing fences and buildings preparatory to opening the pit or quarry.

(e) The cost, in excess of the estimated salvage value, of rails and fastenings used in constructing tracks to and in the gravel pit or quarry, the estimated salvage being carried in an appropriate suspense account.

(f) The cost, in excess of the estimated salvage value, of ties and other material, and of labor expended on such tracks.

(g) The cost of labor and train service employed in producing, quarrying, and loading ballast, including the cost of operation, repairs, and depreciation of stationary engines, steam shovels, stone crushers, and other similar machinery, and the pay and expenses of watchmen.

(h) The cost of explosives and hand tools, and miscellaneous expenses.

(i) The cost of installing, operating, and maintaining signals and interlockers at gravel pits.

Credit to these accounts shall be made each month to cover the cost of ballast material produced during the month. The cost of production shall include the expenses directly assignable to the monthly output, plus a proportion of the expenses not directly assignable, such as cost of land, tracks, machinery, and interlockers. This latter amount shall be computed upon the basis of the ratio which the monthly output bears to the total estimated yardage to be taken from the pit.

When any portion of the product of such pits or quarries is sold, the cost thereof shall be credited to this clearing account, and the profit thereon, if any, shall be credited to revenue account 143, "Miscellaneous."

§ 10.04–12 *Power plant operations.* The accounting for the expenses of maintaining and operating an electric, steam, or other power plant (both building and machinery) shall be determined by the purpose for which the power produced is used.

When the power plant is intended and used for producing power solely for the carrier's own operations and the cost of operating the plant is chargeable to clearing account "Shop expenses," or to any one specific account for operating expenses the expenses of maintenance shall be charged to the appropriate maintenance accounts, and the cost of operation to the account appropriate according to the use of the power.

When the power from such a plant is properly chargeable to more than one account, the expenses of maintaining and operating the plant shall be included in clearing account "Power plant operations." The expense of maintenance shall be cleared from that account to the appropriate maintenance accounts for operating expenses. The expenses of operation shall be apportioned to the appropriate accounts upon the basis of quantity of power used for the various purposes.

When a part of the power produced by a power plant is sold and the remainder is used in the carrier's own operations, the cost of maintaining and operating the plant shall be charged to a clearing account. The expense of maintenance shall be cleared from that account to the appropriate maintenance account in operating expenses. The proportion of the expenses of operation assignable to the power sold, on the basis of ratio of quantity of power sold to total quantity of power produced, shall be credited to this clearing account and charged to account 445, "Producing power sold." The remainder of the cost of operation shall be distributed to the appropriate expense accounts for the carrier's own operations, in the manner indicated in the preceding paragraphs.

When power plants are intended and used solely for furnishing power to others, the investment therein shall be included in balance sheet account 737, "Miscellaneous physical property," and the operation shall not be included in the accounts of this classification. (See § 10.02–4 *Miscellaneous operations* and income account 534, "Expenses of miscellaneous operations.")

§ 10.04–14 *Maintaining transmission and distribution systems.* The accounting for the maintenance of transmission systems and distribution systems shall be in accordance with instructions pertaining to power plant operations.

§ 10.04–15 *Shop expenses.* A clearing account entitled "Shop expenses" shall be kept, to which shall be charged items of expense at shops, enginehouses, repair tracks, and other places at which mechanical work is done, not assignable directly to specific accounts. Such expenses shall be apportioned among the various accounts affected. The basis of distribution shall be the relative proportion which the total amount of charges to "Shop expenses" bears to the total of the directly distributed labor. To avoid monthly fluctuations in the ratio of shop expenses to the total of distributed labor, carriers are permitted to make the monthly apportionment on the basis of a percentage of the distributed labor, provided the shop expense account be adjusted and closed out at the end of each year. The expenses assignable to this account are as follows:

(a) *General shop employees.* The pay of general foremen in small shops, who exercise direct supervision over all departments unassisted by department foremen; the pay of department foremen, assistant department foremen, other supervising or directing employees, and their clerks; pay of chauffeurs and oilers; pay of sweepers, cleaners, roustabouts, and other unskilled laborers employed in general work in and about shops and shop grounds; pay of watchmen, gatekeepers, and policemen at shops, repair tracks, and other places at which mechanical work is done; pay of employees while attending fires or fire drills; and pay of employees while making, repairing, or having charge of small shop tools.

(b) *Power.* The cost of fuel used in steam and other power plants in producing power for shops and for other places at which mechanical work is done; cost of oil, grease, waste, and other material used in the operation of such power plants; pay of stationary engineers, firemen, electricians, coal handlers, and other employees engaged in production of power; cost of carbon brushes, fuses, lamps, picks, pokers, scuttles, shovels, and other small tools and supplies; and cost of water and power purchased. (See § 10.04–12 *Power plant operations.*)

(c) *Heating.* The cost of fuel and other supplies used for heating shops and other places at which mechanical work is done, shop offices, watchmen's and gatekeepers' boxes, and inspectors' shanties; and the pay of firemen, coal handlers, and other employees engaged in operating heating boilers. (See § 10.04–12 *Power plant operations.*)

(d) *Lighting.* The cost of electric current, gas, oil, torches, lamp burners, lamp chimneys, lamps not permanently attached to buildings, incandescent lamps and carbons, and other material used in

lighting shops and shop offices, repair tracks, and other places at which mechanical work is done, and cost of material used and labor expended in operating electric-light plants and repairing electric-light and other lamps at shops. (See § 10.04–12 *Power plant operations.*)

(e) *Switching locomotives.* All expenses, including wages, fuel, and supplies, of operating switching locomotives when exclusively assigned to switching service at shops. (The expenses of incidental switching at shops by locomotives in transportation switching service shall be charged to appropriate transportation accounts.)

(f) *Shop supplies.* Fuel for forge and other shop work; supplies and small tools used by mechanics on miscellaneous work and not durable; test-room and laboratory supplies used in connection with shop work; lubricating material for shop machinery and tools; water used at shops and shop offices, repair tracks, and other places at which mechanical work is done; and other supplies used generally in shop work.

LIST OF SUPPLIES AND SMALL TOOLS

Acid.
Adzes.
Ammonia.
Auger bits.
Augers.
Axes.
Basins.
Bath brick.
Battery brushes.
Beeswax.
Bell cord.
Bluestone.
Bone, granulated.
Borax.
Bottles.
Braces and bits.
Brooms.
Brushes, dust.
Brushes, file.
Brushes, oil.
Brushes, paint.
Brushes, scrub.
Brushes, sweeping.
Brushes, varnish.
Brushes, wall.
Brushes, whitewash.
Brushes, window.
Buckets.
Carpenter tools furnished apprentices.
Casehardening compound.
Cement, belt.
Chalk.
Chalk lines.
Chamois skins.
Charcoal.
Chisels.
Clamps, hand.
Coal picks.
Compound for B. S. hammers.
Compound for grinding.
Compound for hydraulic jacks.
Compound for welding.
Corks.
Cosmic to prevent rust.
Crayon.
Cups, tin.
Cushion beaters.
Dippers.
Disinfectants.
Ditching lines.
Drill bits.
Drinking cups.
Drinking glasses.
Dustpans.
Emery.
Emery boxes.
Emery cloth.
Emery paper.
Faucets.
File cards.
Files.
Fire hooks for stationary boilers.
Fire shovels for stationary boilers.
Flags.
Flannel, canton.
Forks.
Forks, coke.
Funnels.
Gimlets.
Glue.
Gluepots.
Glycerin.
Graphite.
Grindstones.
Ground glass.
Hack-saw blades.
Hammers.
Hammers, babbitt.
Hand leathers.
Handles for tools.
Hatchets.
Hoes.
Keel.
Lampblack.
Lead.
Lye.
Mallets.
Marking brushes.
Marking pots.
Measures, liquid.
Mineral paste.
Mop handles.
Mops.
Muslin.
Nippers.
Oil cans.
Oilstones.
Padlocks.
Paint pots.
Picks.
Pipe-joint grease.
Pliers.
Plumbago.
Polish.
Polish, stove.
Potash.
Prisms.
Rakes.
Rasps.
Ratchet braces.
Red lead.
Resin.
Rope.
Rules.
Sal ammoniac.
Sand soap.
Sandpaper.
Saw blades.
Saws, hand.
Scoops.
Screw drivers.
Screws.
Shellac.
Shovels.
Slate pencils.
Slates.
Sledges.
Soap.
Soda.
Solder.
Soldering fluid.
Spelter solder.
Spigots for oil barrels.
Spirit-level vials.
Spirit levels.
Sponges.
Sprinkling cans.
Squares.
Squirts (lubricating).
Stencil brushes.
Tacks.
Tape lines.
Tapes, metallic.
Tool steel for small hand tools.
Tripoli.
Trucks.
Twine.
Washbasins.
Wheelbarrows.
Whetstones.
White lead.
Whiting.
Window cloths.
Wire.
Wire brushes.
Wrenches.
Zinc cakes.
Zincs.

(g) *Incidental expenses.* Watchmen's uniforms, clocks, and call boxes; traveling expenses connected with the operation of shops and not directly chargeable to other accounts; removal of snow and ice from transfer tables and shop yards; cleaning of privy vaults; cost of ice for shops; and other undistributed shop expenses.

§ 10.04–16 *Material store expenses.* To a clearing account called "Material store expenses" shall be charged expenses in connection with purchasing, handling and storing material in and distributing it from the company's storehouses, including the pay of officers and employees in the purchasing and store departments and their traveling, office, and other expenses; also all expenses, including wages, fuel, and supplies, of operating switching locomotives when exclusively assigned to the service of switching at material storehouses. (Expenses of incidental switching at material yards by locomotives in regular switching service shall be charged to the appropriate transportation accounts.) The pay and expenses of men employed in purchasing or inspecting a single class of material, such as ties, shall be added as store expenses to the cost of that particular material.

The total amount of storehouse expense charged to this account shall be so distributed among the accounts to which material has been charged that the amounts thus distributed will be, for each account, in proportion to the value of the material issued chargeable thereto, except that the amount representing the purchasing department expenses shall be apportioned on the value of the material issued which was purchased by that department. To avoid monthly fluctuations in the ratio of store expenses to the value of material purchased or issued, carriers may make a monthly apportionment on the basis of fair percentage rates, provided the store expense account be adjusted and closed out at the end of each year.

§ 10.04–17 *Stationery store expenses.* A clearing account entitled "Stationery store expenses" shall be kept, to which shall be charged expenses in connection with purchasing, handling, and storing stationery, and for distributing it from the stationery stores, including the pay of officers and employees in the stationery store department and their traveling, office, and other expenses. The amounts charged to this account shall be apportioned to the accounts to which is charged stationery issued from the store, upon the basis of the charges to these accounts for such stationery. To avoid monthly fluctuations in the ratio of store expenses to the value of material issued or purchased, carriers may make a monthly apportionment on the basis of fair percentage rates, provided the stationery store expense account be adjusted and closed out at the end of each year.

§ 10.04–18 *Insurance.* Provision has been made in each of the general accounts for premiums paid and amounts set aside for fire and other insurance. Amounts of insurance recovered on account of losses shall be credited to the accounts to which the losses are chargeable.

§ 10.04–19 *Equalization of maintenance expenses.* The cost of maintaining way and structures and equipment shall be included in the appropriate primary accounts in the month in which the expense is incurred. In case the carrier adopts a budget or estimate for all or a part of the calendar year of expenses includible in one or more primary maintenance accounts or for the general accounts 200, "Maintenance of way and structures," and 300, "Maintenance of equipment," an equitable monthly proportion of the difference between the budgeted or estimated expenses and the actual expenses chargeable each month may be debited or credited as appropriate to account 280, "Equalization—Way and structures," or account 338, "Equalization—Equipment," with contra entries in account 773, "Equalization reserves." If certain primary accounts only are budgeted the carrier's records shall show for amounts included in the equalization accounts the amount of the equalization assignable to each such primary account.

Amounts included in account 773, "Equalization reserves," in accordance with the foregoing paragraph, shall be cleared therefrom at the close of each calendar year through the equalization accounts originally charged or credited.

§ 10.04–20 *Accruals of expenses.* In order that operating expense accounts may as nearly as practicable include the full amount of expenses incurred by the carrier each month, the carrier shall accrue currently in the appropriate expense and balance-sheet accounts estimates of unaudited items affecting expenses. If these estimates are not fully adjusted in the following month, the balances in the balance-sheet accounts shall be kept separately by months until each is adjusted. The carrier is not required to anticipate items which would not appreciably affect the expense accounts.

§ 10.04–22 *Interpretation of item lists.* Lists of "items," "details," etc., have been given as a part of this classification for the purpose of clearly indicating the application of the accounting rules in specific cases. The lists in every case are to

be considered as merely representative and not as excluding from any account analogous items which happen to be omitted from the list appended. On the other hand, the appearance of an item in a list warrants the inclusion of such item in the account concerned only when the text of the account also indicates inclusion, inasmuch as the same item frequently appears in more than one list—for example, the item of blank books under accounts 276, 334, 358, 410, and 458—and the proper charge in any one instance must be determined by the text of the account.

§ 10.04–23 *Delayed items.* Cancellation of entries recorded in balance-sheet accounts relating to operating expenses of former years shall be recorded in accordance with § 10.02–3 *Delayed items.*

§ 10.04–24 *Depreciation accounting; equipment.* The accounting for depreciation of equipment shall be in accordance with the following:

(a) There shall be currently charged to operating expenses, and other accounts and credited to account 735, "Accrued depreciation—Road and equipment," during the service life of equipment, amounts which will approximate the loss in service value not restored by current repairs or covered by insurance. These charges for currently accruing depreciation shall be computed at such percentage rate of the ledger value of the equipment that the service value may be distributed under the straight-line method in equal annual charges to operating expenses and other accounts during the estimated service life of the equipment.

(b) All depreciation charges to operating expenses, and other accounts and concurrent credits to account 735, "Accrued depreciation—Road and equipment," shall be made monthly in conformity with the group plan of accounting for depreciation. The term "group plan" as applied to equipment depreciation accounting means the plan under which "depreciation" charges are accrued upon the basis of the ledger value of the property included in each equipment primary account (51 to 54 and 56 to 58, all inclusive), using the average service life thereof properly weighted and, upon the retirement of any unit of such property, its full service value is charged to account 735, "Accrued depreciation—Road and equipment," whether or not the particular item has attained the estimated average service life. In determining such monthly charges and credits the annual percentage rates shall be applied to the ledger value, as of the first of each month, of the respective primary equipment accounts and the result divided by 12.

(c) For purposes of analysis the carrier shall maintain subsidiary records in which the reserve is broken down into component parts corresponding to each equipment primary account (51 to 54 and 56 to 58, all inclusive) showing in these records also in complete detail by each such primary account the current credits and debits to the reserve. Such detailed information shall be reported annually to this Commission.

(d) In determining monthly depreciation charges to operating expense, and other accounts, and the corresponding credits to the depreciation reserve, the annual percentage rates applied to the ledger value of the property included in each primary equipment account (51 to 54 and 56 to 58, all inclusive) shall be those which are prescribed from time to time by this Commission, except that where no rates previously have been prescribed, the carrier's estimate of the annual percentage rates computed in accordance with this instruction shall be used.

(e) The carrier shall keep such records of equipment retirements, as will reflect the service lives and value of salvage of each class of equipment; shall maintain in convenient and accessible form engineering and other data bearing on prospective service lives; and shall be prepared at any time upon direction of this Commission to compute and submit for its approval, new percentage rates to take the place of those based on service lives or value of salvage found to be inaccurate.

(f) If the cause of retirement of a unit of equipment is not a recognized factor in depreciation but is a cause against which the carrier is insured the depreciation reserve shall be credited with the full amount of the insurance recovered. If the cause is not a recognized factor in depreciation and the loss is not covered by insurance the carrier may upon proof that the charge will result in unduly depleting the depreciation reserve and with the approval of this Commission charge all or a part of the service value of the unit to account 743, "Other deferred charges," and distribute it from that account to account 330, "Retirements—Equipment."

(g) For the purpose of the group plan of depreciation accounting for equipment, the following primary accounts under account 50, "Equipment," are classed as depreciable accounts:

51. Steam locomotives.
52. Other locomotives.
53. Freight-train cars.
54. Passenger-train cars.
56. Floating equipment.
57. Work equipment.
58. Miscellaneous equipment.

(h) The accounting for the depreciation of leased equipment shall be in accordance with § 10.05–2 *Leased road and equipment; depreciation.* The depreciation on equipment includible in operating expenses by the lessee under that instruction shall be stated under the group plan in accordance with the foregoing instructions pertaining to the carrier's owned equipment.

INCOME, RETAINED INCOME, AND GENERAL BALANCE SHEET

§ 10.05 *General instructions.* The carrier's records shall be kept with sufficient particularity to show fully the facts pertaining to all entries made in the accounts provided herein for income, retained income, and general balance sheet. Where the full information is not recorded in the general books, the entries therein shall be supported by other records in which the full details shall be shown. Such general book entries shall contain sufficient reference to the detail records to permit ready identification, and the detail records shall be filed in such manner as to be readily accessible for examination by representatives of the Interstate Commerce Commission.

§ 10.05–1 *General ledger accounts.* When the title and definition of an income, retained income, or general balance-sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be kept under such a title to include the balances from the accounts usually kept in the ledger, but in such case the titles of the subaccounts in the ledger shall give references by numbers, titles, or both, to the income, retained income, or general balance-sheet account prescribed herein of which they are subdivisions.

§ 10.05–2 *Leased road and equipment; depreciation.* The carrier shall include in operating expenses charges for depreciation on road property and equipment used but not owned the rent for which is includible in account 542, "Rent for leased roads and equipment," and shall maintain the same records of service lives, salvage values, etc., as provided for owned road property and equipment. The amount currently to be charged to account 542, "Rent for leased roads and equipment," is the excess of the total compensation over the amount chargeable by the carrier to the depreciation accounts in operating expenses. If settlement between the carrier and the lessor is not currently made, the amount of the depreciation accrued during the period of the lease shall be credited by the carrier to account 785, "Accrued depreciation—Leased property." The necessary adjustments of the difference between the balance thus accrued in that account and the actual amount of settlement shall appropriately be made through account 607, "Miscellaneous credits," or account 621, "Miscellaneous debits," at the time settlement for depreciation on the property is made with the lessor.

The carrier shall not include in the depreciation account in operating expenses any charges for depreciation of equipment used but not owned when the rents therefor are included in the rent for equipment and joint facility rent accounts 503 to 508 and 536 to 541, inclusive.

§ 10.05–3 *Closing general ledger.* Accounts shall be written up, posted to the general ledger and balanced monthly. The final entries for any month shall be made not later than 60 days after the last day of the month for which the accounts are stated, except that the period within which the final entries for the month of December shall be made may be extended to such date in the following March as shall not interfere with the preparation and filing of annual reports as required by the Interstate Commerce Act.

Income

§ 10.06 *Special instructions.*

§ 10.06–1 *Income accounts defined.* Income accounts are those designed to show, as nearly as practicable, for each fiscal period, the total amount of money

that a carrier becomes entitled to receive for services rendered, the returns accrued upon investments, the accrued costs paid or payable for the services rendered by it, the losses sustained by it, the amounts accrued for taxes, for use of moneys and for use of properties of others, and the appropriations made from income during the period. The net balance of income (or loss) shall be carried to retained income.

§ 10.06–2 *Delayed items.* The carrier shall account for delayed items and adjustments and cancellation of entries recorded in balance-sheet accounts relating to income of former years in accordance with the instructions contained in § 10.02–3 *Delayed items.*

§ 10.06–3 *Unaudited items.* When the amount of any item affecting income cannot be accurately determined in time for inclusion in the accounts of the month in which the transaction occurs, the amount of the item shall be estimated and in such form included in the proper income account with contra entry to the appropriate balance-sheet account. When the item is audited the necessary adjustments shall be made through the accounts in which the estimate was recorded. If, during the interval between the date of inclusion of the item in the accounts and the date on which it is audited, a substantial difference from the initial estimate is determined, appropriate adjustments shall be made in the current accounts to cover such difference. The carrier is not required to anticipate items which would not appreciably affect the accounts.

Retained Income

§ 10.07 *Special instructions.* This group of accounts forms the connecting link between the income accounts and general balance sheet account 798, "Retained income—Unappropriated." They are designed to show the changes in retained income during each fiscal period as affected by the balance of the income accounts as reported for the period; by any disposition of retained income made at the option of the carrier; and by miscellaneous gains and losses not accounted for elsewhere.

General Balance Sheet

§ 10.08 *Special instructions.*

§ 10.08–1 *Balance sheet accounts.* Balance sheet accounts are intended to disclose the financial condition of the carrier as of a given date by showing the assets, liabilities, capital stock, and related items, and the retained income or deficit of the carrier.

§ 10.08–2 *Discount, premium, and assessment on capital stock.* Separate ledger accounts shall be provided for each subclass of capital stock issued or assumed by the accounting company to cover discount suffered and premium realized at the sale or resale of capital stock. General levies or assessments against stockholders shall be credited to the appropriate ledger accounts for the subclass of capital stock against which the levy or assessment is made.

The total of net debit balances in these ledger accounts shall be included in account 793, "Discount on capital stock," and the total of net credit balances in account 794, "Premiums and assessments on capital stock."

By the term "discount" is meant the excess of the par value of stocks issued or assumed, plus dividends declared and accrued at the date of sale, over the money value of the consideration received at their sale.

By the term "premium" is meant the excess of the money value of the consideration received at the sale of stocks over the sum of their par value and dividends declared and accrued at the date of sale.

Discount on each subclass of capital stock may be offset or reduced by charges to account 794, "Premiums and assessments on capital stock," to the extent that net gains from premiums or assessments have been included therein or to account 795, "Paid-in surplus," to the extent that net gains from reacquisition and resale or retirement of capital stock applicable to such subclass have been included therein. Any remaining discount may be amortized by charges to account 555, "Stock discount extinguished through income"; account 616, "Stock discount extinguished through retained income"; or discount may be retained and carried in account 793, "Discount on capital stock," until the stock to which the discount applies is retired.

In case the accounting company is permitted and elects with the approval of the Commission, to distribute all or any part of the net balance of paid-in surplus to its stockholders, the amount thus distributed shall be charged to account 795, "Paid-in surplus."

When an issue of capital stock, or any part thereof, is reacquired either by purchase or through donations by shareholders, and is not canceled or held as treasury stock, it shall be charged at its par value or if stock without par value at the proportionate amount at which the particular class of stock is included in account 791, "Capital stock issued," to account 715, "Sinking funds"; 716, "Capital and other reserve funds"; 717, "Insurance and other funds", as may be appropriate.

The difference between the amount at which reacquired stock was recorded in account 791, "Capital stock issued," and the amount paid by the accounting company for such stock, including any premium or discount applicable to such subclass carried in account 794, "Premiums and assessments on capital stock," or in account 793, "Discount on capital stock," and the commissions and expense in connection with its reacquisition shall be included in account 795, "Paid-in surplus": *Provided, however,* That the excess of a debit over the amount of accumulated net gains applicable to such subclass included in paid-in surplus shall be charged to account 621, "Miscellaneous debits."

When reacquired capital stock is resold the difference between the amount at which such stock is included in a particular asset account and the net sale price realized when resold shall be included in account 795, "Paid-in surplus": *Provided, however,* That the excess of a debit over the amount of accumulated net gains applicable to each subclass of capital stock resold included in paid-in surplus shall be charged to account 621, "Miscellaneous debits."

In no case shall discount on capital stock be charged to or included in any account as a part of the cost of acquiring property or as a part of the cost of operation.

§ 10.08–3 *Discount, expense, and premium on funded debt.* Ledger accounts shall be provided to cover the discounts, expense, and premiums at the sale or resale of each subclass of funded debt and of receivers' and trustees' securities issued for the benefit of or assumed by the company. For explanation of "subclass" see account 765, "Funded debt unmatured."

By the term "discount" is meant the excess of the par value of funded debt securities (of whatever kind) issued or assumed, and the accrued interest thereon, over the actual cash value of the consideration received for such securities.

By the term "premium" is meant the excess of the actual cash value of the consideration received for funded debt securities (of whatever kind) issued or assumed over the par value of such securities and the accrued interest thereon.

By the term "expense" is meant all expense in connection with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees for issuing or recording mortgages and trust deeds; cost of engraving and printing bonds, certificates of indebtedness, and other negotiable paper having a life of more than one year; fees paid trustees provided for in mortgages and trust deeds; fees paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing such evidences of debt; and other like expense except taxes for issuing or recording mortgages and trust deeds and for issuing bonds or other evidences of long term debt which shall be charged to account 532, "Railway tax accruals."

The total of the net debit balances remaining in these several accounts should be included in account 742, "Unamortized discount on long-term debt," and the total of the net credit balances in account 783, "Unamortized premium on long-term debt."

Each fiscal period there shall be charged to income account 548, "Amortization of discount on funded debt," a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities reckoned from the beginning of the period to the date of maturity of the debt to which the charges relate) of each of the debit balances in these accounts, and correspondingly there shall be credited to income account 517, "Release of premiums on funded debt," a similar proportion of each of the credit balances in these accounts. When the total discount and expense applicable to any particular issue of securities does not exceed $25,000, carriers may charge the entire amount to account 548, "Amortization of discount on funded debt," at time of issue.

When any funded debt which has been actually issued to bona fide holders for value is reacquired by the accounting company, that proportion of the balance remaining in the accounts containing discount, expense, and premium on funded debt for the subclass of the security reacquired applicable to the portion reacquired shall be credited or charged thereto, as may be appropriate, and concurrently charged or credited to retained income. Such proportion shall be based upon the ratio of the par value of the security reacquired to the par value of all the securities of the subclass actually outstanding immediately before such reacquirement.

In case, however, the premium realized or discount suffered at the prior sale of the securities reacquired has been included (in excess of the amount authorized in the text of road and equipment account 76, "Interest during construction") in an asset account other than the premiums and discounts account, such asset account shall be concurrently adjusted through retained income to the extent of such excess of the premium or discount previously included therein with respect to the securities reacquired.

Except as provided for in road and equipment account 76, "Interest during construction," no discount and expense on funded debt shall be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

§ 10.08–4 *Contingent assets and liabilities.* Contingent assets and liabilities shall not be included in the body of the balance-sheet statement, but shall be shown in detail in a supplementary statement accompanying the balance-sheet statement. Contingent assets are those without value to the accounting company until the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may, under certain conditions, become obligations of the company, but are neither direct nor assumed obligations on the date of the balance sheet.

§ 10.08–5 *Book value of securities owned.* (a) The investment in securities other than those issued or assumed by the accounting company shall be recorded in these accounts at the money value, at the time of acquisition, of the consideration given therefor by the accounting company, but excluding amounts paid for accrued interest and accrued dividends. The accounting company shall write down the ledger value of any securities to the extent of impairment in their value. Fluctuations in market value shall not be recorded however. Securities shall be written down to reflect anticipated loss in value or written off entirely if there be no reasonable prospect of realizing any value whatever therefrom. Adjustments in the ledger values of securities shall not be delayed beyond the year in which a loss is claimed for income tax purposes. In accordance with paragraph (c) of this section carriers may create reserves to cover such reductions in value. Under no circumstances shall the investment in the securities be stated in these accounts at an amount in excess of their cost to the accounting company.

(b) The amount of the adjustment shall be charged to account 621, "Miscellaneous debits."

(c) Carriers may create reserves to provide for depreciation in the value of securities owned and recorded in accounts 721, "Investments in affiliated companies," and 722, "Other investments," by charges to account 621, "Miscellaneous debits." See account 723, "Reserve for adjustment of investment in securities—Cr."

§ 10.08–6 *Income from sinking fund assets.* Accrued interest on uninvested sinking fund cash on deposit in banks or trust companies, and accrued interest and other income arising from stocks, bonds, or other assets held in sinking and reserve funds shall be credited to account 516, "Income from sinking and other reserve funds," and when required by the mortgage or other provision to be held in the funds shall be charged, according to the character of the funds, to account 715, "Sinking funds," or to account 717, "Insurance and other funds," and concurrently, if a reserve is required, an equal amount shall be charged to income account 552, "Income applied to sinking and other reserve funds," and credited to account 797, "Retained income—appropriated."

§ 10.08–7 *Current assets.* In the group of accounts designated as current assets (accounts 701 to 713, inclusive) shall be included cash, those assets which are readily convertible into cash or are held for current use in operations, current claims against others and amounts accruing to the carrier which are subject to current settlement. There shall not be included in this group of accounts any item the collection of which is not reasonably assured by the known financial condition of the debtor. Items of current character but of doubtful value previously credited to operating revenue, operating expense or income accounts shall be written down or written off by charging those accounts. If there has been any impairment in value, such items shall be included in account 741, "Other assets," at an amount not in excess of a reasonable estimate of future value. If it is desired to retain a record of assets written off they shall be recorded at a nominal value in account 741, "Other assets."

§ 10.08–8 *Joint liabilities.* The accounting company shall state as a liability in its balance sheet the difference between the total par value of securities jointly or severally issued by it and others and the portion of such liability which, under the joint arrangement, it is expected will be liquidated by the other party or parties to the joint arrangement. The amount of the jointly or severally issued securities it is expected will be liquidated by the other party or parties shall be shown as a contingent liability in accordance with § 10.08–4 *Contingent assets and liabilities.*

PROPERTY ACCOUNTS

ROAD

§ 10.0 *Road.* The several primary accounts included in this general account are designed to show the cost of land and road property owned by the carrier and devoted to transportation service.

§ 10.1 *Engineering.* This account shall include the pay and expenses of engineers, assistants, and clerks engaged in the survey and construction of new lines and extensions, or in making additions to and betterments of the carrier's road, including wharves and docks.

LIST OF OFFICERS AND EMPLOYEES

Chief engineer.	Levelmen.
Assistant engineers.	Rodmen.
Bridge engineer.	Chainmen.
Signal engineer.	Axmen.
Architects.	Messengers.
Chief clerk.	Cooks on business cars.
Draftsmen.	Porters on business cars.
Clerks.	
Transitmen.	

ITEMS OF EXPENSE AND SUPPLIES

Atlases and maps.	Plummets.
Axes.	Printing and stationery.
Barometers.	Protractors.
Books for office use.	Provisions for business cars.
Boxes for materials and instruments.	Ranging poles.
Business car service.	Reading glasses.
Cameras.	Rent of offices.
Camp equipage.	Repairs of rented offices.
Chains for surveyors.	Rods for surveyors.
Compasses.	Scales.
Curves.	Section liners.
Drawing boards.	Sextants.
Drawing instruments.	Slide rules.
Field glasses.	Stakes.
Field notebooks.	Straightedges.
Furniture repairs and renewals.	Tally registers.
Hatchets.	Tape lines.
Heating and lighting.	Tee-squares.
Levels.	Telegraph service.
Magnets.	Telephone service.
Magnifiers.	Telescopes.
Marking chalk.	Thermometers.
Official train service.	Thumb tacks.
Oilstones.	Tracing linen.
Paper, blue-print.	Transits.
Parallel rules.	Traveling expenses.
Periodicals and newspapers.	Traverse tables.
Photographic supplies.	Triangles.
Plane tables.	Tripods.
Planimeters.	Verniers.
	Water and ice.

NOTE A: When employees designated above are engaged in the maintenance of the road, their pay and expenses while thus employed shall be charged to operating expenses.

NOTE B: Expenditures for tentative or preliminary surveys shall be carried in a suspense account until it is determined whether or not to continue the work. If the project is continued, expenditures for all surveys in connection therewith shall then be transferred to this account, and, if abandoned, to operating expenses, income, or retained income, as may be appropriate.

NOTE C: The cost of designing, making plans and specifications, and supervising the construction of equipment shall be included in the cost of the equipment.

NOTE D: The cost of stationery and printing supplies used for accounting purposes in connection with engineering work shall be included in account 74, "Stationery and printing," when not directly assignable to specific road or equipment accounts.

NOTE E: Fees and expenses of architects specially employed for designing or supervis-

ing the construction of buildings shall be included in the accounts appropriate for the cost of the buildings constructed.

§ 10.2 *Land for transportation purposes.* This account shall include the cost of land of necessary width acquired for roadway; the cost of land for station, office, shop, and other grounds; for ingress to or egress from such grounds; for borrow pits, waste banks, snow fences, sand fences, and other railway appurtenances; and for storage of material adjoining the right of way; the cost of land for wharves and docks and the cost of riparian or water rights necessary therefor; the cost of removing from the right of way and locating elsewhere the property of others, and the cost of the necessary land for relocation of the property, when such costs are assumed by the accounting carrier.

The carrier's records shall be kept in such manner as to show separately the cost of land purchased by it and the estimated values at time of acquisition of lands donated.

Proceeds from the sale of timber or of improvements purchased with right of way, less any cost of removal, shall be credited to this account.

ITEMS OF EXPENSE

Abstracts.
Appraisals.
Arbitrators in condemnation cases.
Commissions paid to others.
Condemnation expenses, including court costs and special counsel fees.
Damages to property of others.
Deferred payments for right of way.
Ditches for waterways when part of consideration.
Judgments and decreed costs to clear or defend titles.
Notarial fees.
Plats.
Premiums on condemnation bonds.
Recording deeds.
Payments for relinquishment of cattle passes and other rights.
Removal and relocation of buildings and other structures not purchased.
Rent of land when part of consideration for purchase.
Right-of-way agents' compensation (engaged solely in acquiring right of way).
Taxes accrued and assumed at time of purchase.

NOTE: The cost of land acquired in excess of that necessary for transportation operations shall be included in balance-sheet account 737, "Miscellaneous physical property." When the purchase of land acquired for transportation operations involves the purchase of land not used for such purposes the charges to this account shall be based upon the estimated cost of only that portion which is used for such purposes, and the cost of the remaining land shall be included in account 737, "Miscellaneous physical property." Only the actual cost borne by the carrier for right-of-way and other lands acquired through vacation of streets and highways shall be included in this account. No donations should be considered as involved in the acquisition of such property.

§ 10.2½ *Other right-of-way expenditures.* This account shall include the cost (in excess of cost of railway facilities installed, if any) actually borne by the carrier of improvement projects (other than public improvement projects), such as the construction of canals, farm and other private passes, pipe lines, drains, and other facilities across the carrier's right-of-way.

§ 10.3 *Grading.* This account shall include the cost of clearing and grading the roadway, and of constructing protection for the roadway, tracks, embankments, and cuts.

When a part of a bridge or trestle, or the entire structure, is converted by filling into an earth embankment, and the bridge is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be included in the cost of the filling, and charged to this account. (See Note A, under account 6, "Bridges, trestles, and culverts.")

When a tunnel is converted into an open cut, the cost of clearing, grubbing, and excavating shall be included in this account.

DETAILS OF ROADBED AND ITEMS OF EXPENSE

Advertising for contractors' bids.
Berm ditches.
Blasting.
Breakwaters.
Bulkheading.
Clearing land.
Cribbing.
Dikes (including those of earthern construction which are intended to function indefinitely).
Ditches (not required by right-of-way agreement).
Dressing slopes.
Excavation for conversion of tunnels into open cuts.
Filling bridges, trestles, and culverts.
Grading outfits.
Grubbing land.
Material taken from borrow pits.
New channels for streams.
Operation of steam shovels.
Payments for privilege of wasting material on the property of others.
Payments for waste banks off the right-of-way.
Retaining walls.
Revetments.
Riprap.
Spoil banks.
Temporary trestling for fills.
Tools for grading.
Wing dams.

§ 10.5 *Tunnels and subways.* This account shall include the cost of tunnels and subways for the passage of trains, including apparatus for ventilating and lighting, and safety devices therein, other than signals.

NOTE A: The cost of tracks, including guard rails, in tunnels shall not be charged to this account.

NOTE B: Station subways not highway crossings are includible in account 16, "Station and office buildings."

NOTE C: If a tunnel be converted into an open cut the accounting shall be in accordance with § 10.01–11 *Adjustment for converted property.*

§ 10.6 *Bridges, trestles, and culverts.* This account shall include the cost of the substructure and superstructure of bridges, trestles, and culverts which carry the tracks of the carrier over watercourses, ravines, public and private highways, and other railways.

DETAILS OF BRIDGE STRUCTURES

Abutments.
Bridge signs.
Cofferdams.
Concrete and masonry ends for culverts.
Cribs.
Decking, including gravel for fire protection.
Dike protection.
Drainage systems.
Draw protection.
Drawbridge engines and machinery.
False work.
Guard timbers.
Ice breakers.
Painting (except repainting).
Pier protection.
Piers and foundations.
Pipe culverts.
Retaining walls.
Riprap around abutments.
Riprap at culvert ends.
Supports.
Water channels.
Waterproofing.
Wing dams.
Wing walls.

NOTE A: When a part of the entire structure of a bridge or trestle is converted, by filling, into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to this account. In case the bridge or trestle is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary trestle shall be charged to account 3, "Grading." The ledger value of the structure or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to account 3, shall be charged to account 735, "Accrued depreciation—Road and equipment."

NOTE B: The cost of bridges to carry the carrier's tracks over undergrade crossings, including the necessary piers and abutments to sustain them shall be included in this account.

§ 10.7 *Elevated structures.* This account shall include the cost of elevated structures and foundations of elevated railway systems.

This account is applicable to structures other than earthwork, which are for the purpose of elevating tracks above the grade of streets, and which are not properly classable as bridges or trestles.

NOTE: The cost of stations and other structures built on elevated structures shall be accounted for according to the class of the structure thus superimposed and not in this account.

§ 10.8 *Ties.* This account shall include the cost of cross, switch, bridge, and other track ties used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.), and the cost of additional ties subsequently laid in such tracks; also the excess cost of metal ties used in repairs of track over the cost to replace in kind wooden ties removed.

The cost of handling ties in general supply and storage yards shall be included as store expenses apportioned to this account when the ties are used for construction purposes.

NOTE A: The cost of labor for unloading distributing, and placing the ties in tracks and the cost of train service in connection with the distribution of ties laid shall be charged to account 12, "Track laying and surfacing."

NOTE B: The cost of ties used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of ties used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

§ 10.9 *Rails.* This account shall include the cost of rails used in the con-

struction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.), and the cost of the excess in weight of heavier rails laid in replacement of lighter rails.

The cost of handling rails in general supply and storage yards shall be included as store expenses apportioned to this account when the rails are used for construction purposes.

To this account shall be credited the cost (at current prices at time of removal) of the excess weight of heavier rails replaced with lighter rails.

NOTE A: The cost of labor for unloading, distributing, and placing the rails in tracks, and of train service in connection with the distribution of the rails, shall be charged to account 12, "Track laying and surfacing."

NOTE C: The cost of rails used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of rails used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

§ 10.10 *Other track material.* This account shall include the cost of material used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shops, fuel stations, supply yards, etc.), except ballast and material chargeable to foregoing accounts; also the excess cost of heavier or improved "other track material" used in repairs of tracks over the cost of replacing in kind such material removed.

The cost of handling "other track material" in general supply and storage yards shall be included as store expenses apportioned to this account when such material is used in the construction of new tracks.

ITEMS OF OTHER TRACK MATERIAL

Angle bars.
Anticreepers.
Bumping posts.
Compromise joints.
Connecting rods.
Crossings for steam and electric railways, including foundations or bases.
Derails.
Frog blocking.
Frogs.
Guard-rail blocking.
Guard-rail clamps.
Guard-rail fasteners.
Guard rails, switch and other.
Main rods.
Nut locks.
Nuts.
Offset bars.
Rail braces.
Rail splices.
Rail chairs.
Rail clips.
Rail joints.
Rail rests.
Rail shims.
Splice bars.
Step chairs.
Switch chairs.
Switch crossings.
Switch lamps.
Switch locks and keys.
Switch points.
Switch stands.
Switch targets.
Switches.
Tie plates.
Tie plugs.
Tie rods.
Track bolts.
Track insulators.
Track spikes.

NOTE A: The cost of labor and train service for distributing, unloading, and applying "other track material" shall be charged to account 12, "Track laying and surfacing."

NOTE B: No entry is required in this account with respect to improved "other track material" unless installed under a definite plan of changing standards, such as increasing the weight of rail.

NOTE C: The cost of "other track material" used in the construction of car floats shall be included in the cost of such floating equipment, and the cost of such track material used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

§ 10.11 *Ballast.* This account shall include the cost of gravel, stone, slag, cinders, sand, and like material used in ballasting tracks (including tracks in shops, fuel stations, supply yards, etc.) not previously ballasted, including cost of work-train service and of unloading; cost of ballast applied in excess of ballast required to restore to its maximum height and width the ballast previously put on the roadbed; and the excess cost of improved ballast used in renewals over the cost to replace in kind to the original height and width the ballast removed. Charges to this account shall not exceed the cost of ballast applied to a depth of 24 inches beneath the tie, unless otherwise authorized by the Commission. (§ 10.04–11 *Gravel and sand pits and quarries* applies to the accounting for pits from which ballast material is obtained either for construction work or for maintenance, or for both.)

NOTE A: The cost of ballast used in the construction of temporary tracks, such as gravel-pit and quarry tracks, shall be included in the appropriate clearing accounts.

NOTE B: Earth placed to form a crown in the middle of the track is not to be considered as ballast.

NOTE C: The cost of ballast material placed on the decking of bridges solely for fire-protection purposes shall be included in account 6, "Bridges, trestles, and culverts."

NOTE D: No charge shall be made to the accounts of this classification representing the value of cinders accumulated by the carrier.

§ 10.12 *Track laying and surfacing.* This account shall include the cost of distributing (including train service), laying, and adjusting ties, rails, and other track material used in the construction of tracks for the movement or storage of locomotives or cars, including repair tracks, but not tracks on car floats or temporary tracks the cost of which is chargeable to clearing accounts. It shall also include the cost of the labor expended in placing ballast in tracks not previously ballasted.

NOTE A: The cost of distributing and adjusting ties, rails, ballast, and other track material for repairs shall be charged to operating expenses, both when such materials are replaced in kind and when replaced with improved and heavier material.

NOTE B: The cost of work-train service in delivering ballast and of unloading such material is provided for in account 11, "Ballast."

§ 10.13 *Fences, snowsheds, and signs.* This account shall include:

(a) *Fences.* The cost of right-of-way fences and snow and sand fences, farm gates, cattle guards, wing fences, aprons, and hedges, on property not previously fenced, excluding those around stockyards, fuel stations, station and shop grounds, and building sites.

(b) *Snowsheds.* The cost of snowsheds, including initial cost of planting trees for protecting tracks from snow.

(c) *Signs.* The initial cost of signs other than those for identification of bridges, signals, stations, and other structures.

SIGN ITEMS

Boundary signs.
Bridge-caution signs.
Crossing signs.
Curve and elevation markers.
Division-limit signs.
Mileposts.
Monuments.
Safety-first signs at crossings.
Section-limit signs.
Slow or stop signs.
Tunnel-caution signs.
Water-station signs.
Water-trough signs.
Whistle signs.
Yard-limit signs.

NOTE A: The cost of fences (other than right-of-way boundary fences) around stock yards, fuel and water stations, and other building sites, shall be charged to the accounts appropriate for the cost of the structures.

NOTE B: The cost of signs for identifying bridges, signals, stations, and other structures shall be included in the account appropriate for the cost of the structures.

NOTE C: The cost of crossing signals, including crossing gates, shall be included in account 27, "Signals and interlockers."

NOTE D: It shall also include the cost of replacing units of such property or substantial parts of fences or snowsheds the original cost of which were charged to this account.

§ 10.16 *Station and office buildings.* This account shall include the cost of station and office structures, their fixtures, appurtenances, and furniture necessary first to equip the buildings for use.

STATION AND OFFICE STRUCTURES AND DETAILS

Baggage rooms.
Breakwaters for protection of buildings.
Buildings and rooms for trainmen.
Buildings on piers.
Call bells.
Coal bins.
Coal transferring machinery (not on coal and ore wharves).
Coal trestles (not at fuel stations).
Commissarial buildings.
Drainage and sewerage systems.
Dwellings.
Eating houses.
Electric wiring.
Elevators and machinery.
Express buildings.
Fences.
Fire-engine houses.
Freight cranes.
Freight derricks.
Freight handling machinery.
Freight houses.
Garages.
Gas-supply systems.
General office buildings.
Grain cribs.
Grain elevators.
Grain warehouses.
Greenhouses.
Hay houses.
Heating plants.
Hedges.
Hoisting engines, for handling freight.
Hose houses.
Ice houses.
Lighting plants.
Mail cranes.
Milk stands.
Office buildings.
Ore-transferring machinery.
Outhouses.
Pavement within ground limits.
Platforms, freight.
Platforms, passenger, including planking between tracks.
Power distribution systems, interior.
Reading rooms.
Rooms for Y. M. C. A.
Scale houses.
Sidewalks.
Stables.

Station footbridges (not highway crossings).
Station intertrack fences.
Station platforms.
Station signs.
Station stairways.
Station subways (not highway crossings).
Station power houses.
Stations, freight.
Stations, passengers.
Stock pens.
Storehouses.
Telegraph offices.
Telpher systems.
Track scales.
Transfer houses.
Transfer platforms.
Waiting rooms.
Warehouses.
Washrooms.
Water-supply systems.
Yard offices.

NOTE A: Office buildings used exclusively in connection with maintenance of way shall be included in account 17, "Roadway buildings." Those used exclusively in connection with maintenance of equipment shall be included in account 20, "Shops and enginehouses."

NOTE B: The cost of grading and preparing grounds, both before and after the construction of station and office buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

§ 10.17 *Roadway buildings.* This account shall include the cost of roadway shops and other roadway buildings, including drainage, water, gas, and sewer pipes and connections; and all machinery, fixtures, and furniture to equip the building ready for use.

LIST OF ROADWAY BUILDINGS

Bins for material.
Blacksmith shops.
Boarding houses.
Breakwaters for protection of buildings.
Carpenter shops.
Dwellings.
Fire-engine houses.
Frog shops for repair of track material.
Hand-car houses.
Lighting plants.
Lumber sheds.
Offices.
Outhouses.
Planing mills.
Rail shops for repair of track material.
Repair shops.
Scrap bins.
Section dwelling houses.
Stables.
Storehouses.
Tool houses.
Watch houses.

NOTE: The cost of grading and preparing grounds both before and after the construction of roadway buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

§ 10.18 *Water stations.* This account shall include the cost of structures, facilities, and appliances necessary to equip for service, stations for supplying water. The cost of analyses of water preliminary to the establishment of water stations shall be included in this account.

WATER STATION STRUCTURES AND DETAILS

Boilers.
Breakwaters for protection of buildings.
Buildings on piers.
Cisterns.
Dams.
Fences.
Outhouses
Penstocks.
Pump houses.
Pumps.
Purifying plants.
Reservoirs.
Settling basins.
Stationary engines.
Steam pipes.
Tanks and foundations.
Test wells.
Track tanks.
Tubs.
Water cranes.
Water pipe lines.
Water-treating plants.
Wells.
Windmills.

NOTE A: The cost of water stations used solely for supplying water to shops, power plants, stations, hotels, tenement houses, or section houses shall be charged to the appropriate accounts relating to the property so supplied.

NOTE B: The cost of a temporary water station established only for use during the construction period shall be included in the primary accounts to which is charged the cost of the work in connection with which the water station is used.

NOTE C: The cost of grading and preparing grounds both before and after the construction of water station buildings, and the cost of constructing sidewalks, driveways, and fences thereon shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

§ 10.19 *Fuel stations.* This account shall include the cost of structures, facilities other than tracks, and appliances necessary to equip for service, stations for supplying fuel to locomotives and floating equipment.

FUEL STATION STRUCTURES AND DETAILS

Breakwaters for protection of buildings.
Buckets.
Buildings on piers.
Coal buckets.
Coal buggies.
Coal hoists.
Coal pockets and chutes.
Dumping machinery.
Elevating machinery.
Fences.
Fuel houses or stations.
Fuel-oil columns.
Fuel-oil plants.
Fuel-oil pumps.
Fuel-oil sumps.
Fuel-oil tanks.
Fuel platforms.
Fuel wharves.
Inclines.
Outhouses.
Scales.
Sheds.
Stationary engines.
Tipple cars.
Weighing apparatus.
Wood racks.

NOTE A: The cost of fuel stations, coal houses, etc., used solely for supplying fuel to shops, power plants, stations, hotels, tenement houses, or section houses shall be charged to the appropriate accounts relating to the property so supplied.

NOTE B: The cost of a temporary fuel station established only for use during the construction period shall be included in the primary accounts to which is charged the cost of the work in connection with which the fuel station is used.

NOTE C: The cost of grading and preparing grounds both before and after the construction of fuel station buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

§ 10.20 *Shops and enginehouses.* This account shall include the cost of buildings to be used as shops, enginehouses, and storehouses for material for maintenance of equipment; foundations, except those special to particular machines and other apparatus; furniture and fixtures other than equipment chargeable to account 44, "Shop machinery"; drainage, sewerage, and water-supply systems; and plants for heat and light.

SHOP AND ENGINEHOUSE STRUCTURES AND DETAILS

Air-compressor houses.
Ash pits and pockets.
Ash plants.
Bins for material.
Blacksmith shops.
Breakwaters for protection of buildings.
Buildings on piers.
Car sheds.
Car shops.
Carpenter shops.
Cinder pits.
Cinder pockets.
Drop pits.
Dry houses.
Electric-power distribution systems within buildings.
Enginehouses.
Fire-engine houses.
Footbridges (not public highways).
Foundries.
Gas-compressor houses.
Heating plants.
Hose houses.
Ice houses.
Laboratories.
Lighting plants.
Lumber sheds.
Machine shops.
Material and supply truck tracks.
Motor-crane tracks.
Offices, shop.
Oil houses.
Outhouses.
Paint shops.
Pipe lines, air, interior.
Pipe lines, car-heating.
Pipe lines, gas, interior.
Planing mills.
Platforms, shop and yard.
Repair shops.
Sand houses.
Scale houses.
Scrap bins.
Sidewalks.
Stables.
Steam-distribution systems, interior.
Storehouses.
Tanks, gas.
Tanks, oil.
Test rooms.
Tin shops.
Tool houses.
Track scales.
Transfer tables.
Turntables.
Upholstering shops.
Warehouses.
Wash rooms.
Watch houses.

NOTE A: The cost of distinct power plant buildings for shop purposes shall be included in account 29, "Power plants." The cost of distribution systems leading from such power plants to shops and enginehouses shall be included in account 31, "Power-transmission systems."

NOTE B: The cost of grading and preparing grounds both before and after the construction of shop and enginehouse buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE C: The cost of shop buildings devoted solely to the maintenance of way and structures shall be included in account 17, "Roadway buildings."

§ 10.21 *Grain elevators.* This account shall include the cost of structures, including the cost of conveyors, machinery, and fixtures which the railway companies operate for the transfer, treatment, and storage of grain.

The buildings referred to in this account are not small storage elevators at stations where grain is received for shipment, etc., but large elevators in which grain is stored for various owners.

NOTE A: Small storage elevators at way stations are classed as station buildings.

NOTE B: The cost of grading and preparing grounds both before and after the construction of grain-elevator buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE C: The cost of grain elevators leased to noncarriers shall be included in account 737, "Miscellaneous physical property."

§ 10.22 *Storage warehouses.* This account shall include the cost of storage warehouses, including machinery and fixtures therein.

The buildings herein referred to are not the ordinary freight warehouses or stations where freight is received for shipment, etc., but warehouses in which merchandise is stored and which the railway companies operate as storage warehouses.

NOTE A: The cost of grading and preparing grounds both before and after the construction of storage warehouse buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

NOTE B: The cost of warehouses leased to noncarriers shall be charged to account 737, "Miscellaneous physical property."

§ 10.23 *Wharves and docks.* This account shall include the cost of wharves, docks, dry docks, slips, float bridges, and other landings for vessels, including the cost of necessary dredging, and the cost of float-bridge machinery; also the cost of piling, pile protection, cribs, cofferdams, walls, and other necessary devices and apparatus for the operation or protection of wharves and docks.

DETAILS OF WHARVES AND DOCKS

Bridge pontoons.
Bulkheads.
Caissons.
Cribwork.
Dry docks.
Ferry-bridge machinery.
Ferry bridges.
Ferry racks.
Ferry slips.
Jetties.
Jetty inclines.
Transfer-bridge machinery.
Transfer bridges.

NOTE A: The cost of coal and ore wharves and docks shall be included in account 24, "Coal and ore wharves."

NOTE B: The cost of the land on which wharves are built and cost of riparian or water rights for wharves and docks shall be charged to account 2, "Land for transportation purposes."

NOTE C: The cost of buildings located on wharves shall be included in the accounts appropriate for the class of buildings.

NOTE D: The cost of grading and preparing grounds both before and after the construction of wharves (other than coal and ore wharves) and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the wharves, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the wharves.

§ 10.24 *Coal and ore wharves.* This account shall include the cost of wharves and docks for the transfer, treatment, blending, or storage of coal or ore, including the cost of necessary dredging and of conveyors, machinery, and fixtures.

NOTE A: The structures referred to in this account do not include small transfer or storage trestles or wharves at stations where coal is stored or delivered, such trestles being classed as station buildings.

NOTE B: The cost of grading and preparing grounds both before and after the construction of coal and ore wharves, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the wharves, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the wharves, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the wharves.

§ 10.26 *Communication systems.* This account shall include the cost of telegraph, telephone, radio, radar, inductive train communication, and other communication systems, including terminal equipment.

Details of telegraph and telephone terminal equipment:

Batteries.
Cables and wires, interior.
Carrier terminating equipment.
Conduits, interior.
Connecting wires.
Current-controlling instruments.
Electric generators and motors.
Electric meters.
Engines, stationary.
Fuses and mechanical protectors.
Rectifiers.
Rheostats.
Sending and receiving instruments.
Switchboards.
Telegraph repeaters.
Telephone repeaters.
Teletypewriters.
Testing outfits.
Transformers.

Details of telegraph and telephone outside plant:

Aerial attachments.
Braces.
Brackets.
Cable boxes and appurtenances.
Cables and wires, aerial.
Conduits and appurtenances.
Cross arms.
Gas and associated facilities for cables.
Guy stubs.
Guy wires.
Insulators.
Load coils.
Poles.
Submarine cables and connections.
Telephone pole boxes.
Towers.
Underground cables and connections.

Details of radio, radar, and inductive train communication equipment:

Aerials or antenna, and attachments.
Buildings or towers used exclusively for wireless.
Control units.
Power generating, converting, or supply equipment.
Radar console and associated equipment.
Roadwide or office equipment for all wireless systems operated on special channels between train and train, train and tower or office, or between ship and shore.
Specialized testing and repair equipment.
Transmitters and receivers, including mobile units.

NOTE A: Radio, radar or trainphone equipment (except portable apparatus) which is permanently attached to locomotives, cars, work equipment, or other rolling stock or floating equipment shall be included in the same accounts as the equipment on which installed. Wireless sets for instruction, advertising, or entertainment shall be included in the same accounts as the building in which located.

NOTE B: Communication systems of limited extent, not connected with other systems, used for special purposes and usually installed within a single building, group of buildings, or within the limits of a station or shop layout or yard, shall be included in the same account as the building in which located or in the account appropriate for the service with which associated.

ITEMS

Buzzers, bells, dictaphones or other interoffice communication systems in an office or group of buildings.
Loud speakers, bells, or whistles in shop and other yards.
Loud speakers, public address devices, press button control lights, telautograph or other systems in stations or on platforms.
Whistles, klaxons, or horns operated from signal towers.

NOTE C: Test sets shall be classified as tools and included in the account appropriate for their use.

§ 10.27 *Signals and interlockers.* This account shall include the cost of interlocking and other signal apparatus for governing the movements of locomotives, cars, and trains, and for the protection of traffic at crossings, including towers and other buildings, furniture, fixtures, and machinery in connection therewith; roadway installations for train control and remote control including the cost of the initial tests of such installations; also the cost of buildings and machinery of power plants used primarily for the production of power for the operation of signals and interlockers.

ITEMS

Air compressors.
Automatic-train control devices other than on equipment.
Batteries.
Battery wells and houses.
Boilers.
Call-bell systems along track to call in flagmen.
Call boxes, electric.
Car-retarder systems.
Centralized traffic control.
Conduits for pipe and wire.
Crossing flasher-light signals.
Crossing gates, highway and railway.
Crossing signal bells.
Crossing warning signals.
Distant signals.
Dynamos.
Engines, stationary.
Home signals.
Impedance bonds.
Interlocker buildings.
Interlocker machinery.
Interlocker mechanism.
Levers.
Power apparatus primarily for the operation of signals and interlockers.

Power-distribution lines primarily for the operation of signals and interlockers.
Rail bonds.
Railway crossing signals.
Relays.
Semaphores.
Signal and switch levers.
Signal arms.
Signal blades.
Signal bridges.
Signal buildings.
Signal cables.
Signal-lamp brackets and connections.
Signal lamps.
Signal machinery.
Signal poles and foundations.
Signal pulleys and foundations.
Special appliances.
Station signals.
Train-order signals.
Wiring.

NOTE A: When signal or interlocking apparatus is located in a station building, only the cost of the signal or interlocking apparatus shall be charged to this account. The entire cost of the building shall be included in account 16, "Station and office buildings."

NOTE B: The cost of track material, such as switches, special rail braces, special rods, special track fastenings, split rails, derails, derail stands, and frogs, used in connection with interlockers, shall be included in account 10, "Other track material."

NOTE C: When derails are arranged so as to be thrown from switch stands, the cost of labor expended in the installation of the connections between the switch stand and derail and the devices for throwing the derail shall be included in account 12, "Track laying and surfacing." The cost of the material shall be included in account 10, "Other track material."

NOTE D: The cost of grading and preparing grounds both before and after the construction of signal and interlocker buildings, and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the buildings, as shall also the fees and expenses of architects specially employed for designing or supervising the construction of the buildings, but the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts. The cost of permanent water rights shall also be included in the cost of the buildings.

§ 10.29 *Power plants.* This account shall include the cost of power-plant and substation buildings (housing machinery provided for in account 45, "Power-plant machinery"); all foundations other than those special to particular machines and apparatus; and also dams, canals, pipe lines, and accessories devoted to the utilization of water for power. Gas and sewer pipes and their connections, fixtures (including wiring) for lighting and heating, and furniture and miscellaneous fixtures, shall be considered as a part of the power-plant buildings.

POWER-PLANT STRUCTURE ITEMS

Buildings.
Coal bunkers.
Coal pockets and trestles.
Fences (other than right-of-way boundary fences).
Fixtures for lighting (including wiring) and heating power-plant buildings.
Foundations (except special foundations for machines and other apparatus).
Fuel-oil tanks.
Furniture.
Hose and appliances for protecting buildings against fire.
Pavement within ground limits.
Permanent rights in water supply.
Platforms.
Smoke stacks and chimneys and their foundations when distinct from and not resting on boilers.
Water, sewer, gas, and drainage pipes and connections.
Wells (but not pumps).

DAM, CANAL, AND PIPE-LINE ITEMS

Aqueducts.
Bridges.
Fences (Other than right-of-way boundary fences).
Footbridges.
Forebays.
Gates.
Grids.
Inlet valves.
Penstocks.
Reservoirs.
Roadways.
Sluices.
Valves.
Water rights.

NOTE A: The cost of power-plant machinery, including stacks resting on boilers, and special foundations for machines, shall be included in account 45, "Power-plant machinery."

NOTE B: The cost of the buildings and of the power machinery and other apparatus of plants used primarily for operating signals and interlockers shall be included in account 27, "Signals and interlockers."

NOTE C: Investment in buildings and machinery of detached plants for furnishing power both for operating purposes and for sale shall be included in this account and in account 45, "Power-plant machinery," respectively. When plants are intended and used primarily for generating power for sale to other than common carriers, the investment shall be included in account 737, "Miscellaneous physical property."

§ 10.31 *Power-transmission systems.* This account shall include the cost of systems for conveying electricity, steam, and compressed air from producing plants to place or building where used; also the cost of conduits and of poles, cross arms, insulator pins, brackets, and other pole fixtures, and of other structures for power-transmission and distribution systems, including those for electric railway operation, and lighting systems for general lighting purposes.

POWER-TRANSMISSION SYSTEM ITEMS

Air pipe-lines in car yards.
Cables.
Compressed air pipe-lines.
Compressed air storage tanks (not at power houses or shops).
Cut-outs (not at power houses and substations).
Feed wires.
Guard wires.
Insulators and connections.
Overhead trolley wires.
Rail-bond plugs.
Rail bonds.
Rail-insulating devices.
Span wires.
Steam-heating pipe-lines in car yards.
Steam pipe-lines.
Switchboards (not at power houses and substations).
Third rail.
Third-rail braces.
Third-rail insulation and protection.
Third-rail supports.
Transformers (not at power houses and substations).
Underground power tubes.

POLE-LINE AND CONDUIT ITEMS

Braces and other supports for holding poles in position.
Brackets and other pole fixtures.
Conduits for wires and cables.
Cross arms.
Cutting and trimming trees.
Guy stubs.
Guy wires.
Insulator pins.
Manholes.
Poles.
Sewer traps.
Stenciling or painting letters or numbers on poles.
Towers.

NOTE A: The cost of wire and pipe-distribution systems located within shop buildings and in stations and office buildings shall be included in the cost of the buildings, except that lateral service lines to equipment-shop machines shall be included in account 44, "Shop machinery." The cost of distribution systems used primarily for operating signals and interlockers shall be included in account 27, "Signals and interlockers."

NOTE B: The cost of conduits and of poles and fixtures for telegraph and telephone, or signal lines shall be included in account 26, "Communication systems," or account 27, "Signals and interlockers," as appropriate. The cost of poles and conduits used for telegraph and telephone or signal lines and for power-distribution lines shall be included in the account appropriate according to their predominant use.

§ 10.35 *Miscellaneous structures.* This account shall include the cost of all permanent structures not provided for elsewhere, including all fixtures and furniture to equip them for use.

§ 10.37 *Roadway machines.* This account shall include the cost of the initial outfit of roadway machines provided for the maintenance of roadway and structures at the time the road is opened for commercial traffic, and the cost of additional roadway machines acquired subsequently.

LIST OF ROADWAY MACHINES

Boilers, portable.
Cars, hand.
Cars, lever.
Cars, motor inspection.
Cars, push.
Cars (small), crane, for supply yards and general use.
Concrete mixers.
Ditching machines.
Dredging machines.
Engines, portable.
Grading outfits.
Hydraulic outfits.
Jacks, hydraulic.
Log loaders.
Pile drivers.
Plows, unloading.
Rail unloaders.
Rock crushers.
Steam rollers.
Timber trucks.
Velocipedes.

NOTE A: When an important addition and betterment project or the construction of a new line necessitates the purchase of roadway machines to be used exclusively thereon, the cost shall be included in the accounts to which the cost of the work is charged. The amount realized from any subsequent sale, or the appraised value of the machines retained after the completion of the special work for which they were purchased, shall be credited to the accounts charged with the cost thereof. The appraised value of such machines retained shall be debited to this account and thereafter considered as the cost of such property.

NOTE B: The cost of machines for the equipment of roadway shops shall be included in account 17, "Roadway buildings," as provided for therein.

NOTE C: The cost of roadway machines, such as pile drivers, log loaders, hoist engines, and concrete mixers, when permanently mounted for movement on the carrier's tracks, shall be included in account 57, "Work equipment."

§ 10.38 *Roadway small tools.* This account shall include the cost of the initial outfit of roadway and track small tools provided for the maintenance of way and structures at the time the road is opened for commercial traffic; also the initial outfit of such tools provided for the maintenance of extensions of such road.

LIST OF ROADWAY TOOLS

Adzes.
Anvils.
Augers.
Axes.
Ballast forks.
Bars, claw.
Bars, crow.
Bars, lining.

Bars, pinch.
Bars, raising.
Bars, tamping.
Braces and bits.
Brooms.
Brush hooks.
Cable stretchers.
Cables.
Cans, oil.
Cans, water.
Cant hooks.
Chains.
Chisels, track.
Chisels, wood.
Curbing hooks.
Dippers.
Drawing knives.
Drill bits.
Drills, portable.
Flags, signal.
Furnaces, portable.
Grindstones.
Hammers, napping.
Hammers, paving.
Hammers, spiking.
Handles for tools.
Hatchets.
Hoes.
Jack levers.
Jacks, ratchet.
Jacks, screw.
Jacks, track.
Kegs, water.
Ladders.
Lanterns and fixtures.
Lawn mowers.
Levels.
Lines for ditching.
Nippers.
Oilstones.
Padlocks.
Pails, water.
Paint brushes.
Picks, clay.
Picks, tamping.
Pike poles.
Post-hole diggers.
Post-hole tampers.
Punches.
Rail benders.
Rail tongs.
Rakes.
Rope.
Saws, crosscut.
Saws, hand.
Scrap boxes.
Scythes.
Shovels.
Sickles.
Sledges.
Spades.
Spike mauls.
Spike pullers.
Spot boards.
Squares.
Straightening machines.
Tape lines.
Thermometers for laying rail.
Tongs.
Tool boxes.
Torches.
Track gauges.
Track levels.
Vises.
Weed spuds.
Wheelbarrows.
Whetstones.
Wood mallets.
Wrenches, monkey.
Wrenches, track.

NOTE: The cost of roadway and track small tools of which no specific record is kept shall be charged when acquired to an appropriate materials and supplies account, from which they shall be charged as issued to the appropriate road and equipment, operating expense, or other accounts. When such tools are used both for construction and maintenance work the cost shall be equitably apportioned among the accounts provided for the two classes of work.

§ 10.39 *Public improvements; construction.* This account shall include amounts assessed on carrier property by governmental authority (by mutual agreement or otherwise) to cover the cost of constructing public improvements, when such assessments are made against property within defined areas of taxing districts. It shall also include the cost borne by the carrier of public improvements constructed by it under governmental requirements.

The entire amount of each assessment for public improvements shall be included in this account as soon as it is determined.

ITEMS

Cost of land outside carrier's right-of-way to provide for the relocation of streets or highways or providing slopes therefor.
Cost of removal and relocation of buildings and other structures in connection with the construction of streets and highways.
Curbing streets and highways.
Damage to property of others when incidental to highway construction.
Drainage systems.
Engineering—When such costs apply to items chargeable to this account.
Flood protection.
Grading streets and highways.
Guttering streets and highways.
Irrigation systems.
Levees.
Overhead highway bridges, including approaches.
Paving streets and highways, including such pavings at crossings.
Planking, highway crossings.
Sewer systems.
Sidewalks.
Street-lighting systems.
Water works.

NOTE A: The cost of railway facilities installed in connection with joint public improvement projects if not in excess of total costs borne by the carrier shall be included in accounts other than account 39, "Public improvements—Construction," appropriate for the class of property installed. Any costs borne by the carrier in excess of the cost of railway facilities shall be charged to this account.

NOTE B: The cost to the carrier of maintaining public improvements shall be included in Operating Expenses.

NOTE C: Any portion of the cost of public improvements which is included in the general tax levy for a regular taxing district shall be included in the account appropriate for taxes.

NOTE D: The amount of the deferred payments of assessments for public improvements if payments are to be made within one year, shall be included in account 761, "Other current liabilities." If the payments are spread over a longer period they shall be credited to account 782, "Other liabilities." The interest paid on such assessments shall be included in account 547, "Interest on unfunded debt."

NOTE E: Interest and penalties imposed, on basis of monthly or annual percentage rates, for failure to pay assessments within the allotted time shall be charged to account 547, "Interest on unfunded debt."

NOTE F: Assessments on noncarrier property for the cost of constructing public improvements shall be charged to account 737, "Miscellaneous physical property."

§ 10.40 *Revenues and operating expenses during construction.* This account shall include the cost of operating a piece of road during the period before the regular operation of revenue trains, including rent and repairs of equipment used in commercial service during such period. It includes the cost of running construction trains over such section of road when the cost of operating such trains can not properly be charged to any specific account.

To this account shall be credited amounts collected for rents of buildings and other properties and for the transportation of commercial freight or of passengers on construction trains; also the net profits from boarding and commissarial outfits, and other sources of operating revenue.

Carriers which wish to subdivide this account shall use appropriate subaccounts corresponding to accounts prescribed for operating revenue, operating expense, or income accounts.

§ 10.42 *Reconstruction of road property acquired.* When road property acquired is in such physical condition that it is necessary to substantially rebuild the road in order to bring it up to the standard required by the carrier, the accounting for such reconstruction including retirements in connection therewith shall be presented to the Commission for approval before being entered in the accounts.

NOTE: A comprehensive statement of the estimated amount necessary to reconstruct a road in accordance with the above provision shall be made to the Commission as soon as the estimate is made.

§ 10.43 *Other expenditures; road.* This account shall include items which can not properly be included in any of the foregoing accounts as a part of the cost of any specific work, amounts paid for rent and repairs of equipment and for injuries to persons incident to and in connection with original road, road extensions, or additions and betterments; and analogous items. When assignable, such expenditures shall be included in the cost of the property in connection with which the expenditure occurs.

NOTE: Rents paid for and repairs made to equipment used in commercial operations during the period before the regular operation of revenue trains shall be charged to account 40, "Revenues and operating expenses during construction."

§ 10.44 *Shop machinery.* This account shall include the cost of machinery and other apparatus in shops and engine houses, including the cost of special foundations and installation, and cost of small hand tools necessary first to equip a shop.

LIST OF SHOP MACHINERY

Air compressors.
Ash conveyors.
Belting.
Blowers.
Boilers for furnishing power.
Boring machines.
Cars, motor.
Cars, push.
Cranes.
Drill presses.
Drilling machines.
Drop tables.
Forges.
Framing machines.
Furnaces.
Grinding and polishing machines.
Hoists.
Hydraulic jacks.
Lathes.
Lifting magnets.
Metal chimneys.
Milling machines.
Motors.
Pipe cutting and threading machines.
Planers.
Pneumatic hammers.
Power equipment.
Punches.
Riveters.
Saws.
Shafting.
Shapers.
Slotters.
Stationary engines.
Steam hammers.
Vises.
Welding machines.
Woodworking machines.

NOTE A: The cost of power plant machinery and other apparatus for shop purposes, when located in distinct buildings, shall be included in account 45, "Power-plant machinery."

NOTE B: The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building, and not in this account.

§ 10.45 *Power-plant machinery.* This account shall include the cost of machinery and other apparatus in power plants and substations for generating and transforming power used for the operation of trains and cars or to furnish power, heat, and light for stations, shops, and general purposes, and also the cost of foundations special to particular machines or other apparatus including the cost of installation.

ITEMS

Air compressors.
Ammeters.
Ash-conveying machinery.
Batteries.
Battery-charging apparatus.
Belting.
Boiler-room appliances and tools.
Boilers and fittings.
Boosters.
Cables, interior.
Circuit breakers.
Clutches.

Coal-conveying machinery.
Condensers.
Conductors.
Cranes.
Cut-outs.
Draft machinery.
Dynamos.
Economizers.
Engine-room appliances and tools.
Feed water heaters.
Furnaces.
Generators.
Hangers.
Hoists.
Ice - manufacturing machinery and apparatus.
Insulators.
Lubricating devices.
Machinery.
Mechanical stokers.
Metal stacks on boilers.
Piping.
Pumps.
Purifiers.
Refrigerating - machinery and apparatus.
Rheostats.
Rotary convertors.
Sewer connections for machinery.
Shafting.
Special foundations for machines.
Stationary engines.
Steam - distribution systems within the plant.
Steam fittings.
Switchboards.
Switches.
Tanks.
Tractors, trailers, and trucks, permanently assigned to power plants.
Transformers.
Turbines.
Voltmeters.
Water meters.
Waterwheels.
Well pumps.
Wires from generators or transformers to switchboard.

NOTE A: The cost of power machinery and other apparatus installed in a shop as part of the shop equipment shall be included in account 44, "Shop machinery."

NOTE B: The cost of power machinery and other apparatus installed in station and office buildings shall be included in account 16, "Station and office buildings."

NOTE C: The cost of the buildings and the power machinery and other apparatus of plants used primarily for operating signals and interlockers shall be included in account 27, "Signals and interlockers."

NOTE D: The cost of foundations other than those special to particular machines and other apparatus shall be included in the cost of the building and not in this account.

NOTE E: The cost of machinery and buildings of detached plants for producing power both for operating purposes and for sale shall be included in this account and in account 29, "Power plants," respectively. When plants are intended and used primarily for generating power for sale to non-carriers the investment shall be included in account 737, "Miscellaneous physical property."

§ 10.47 *Unapplied construction material and supplies.* This account shall include the cost of material and supplies located at the point of use which have been purchased for projected new roads and road extensions.

The purpose of this account is to exclude from the current assets the cost of supplies and unapplied material which are located for use on projected new roads and road extensions, under the condition that the material will not be used for other purposes.

NOTE A: Material and supplies designed for projected new roads and road extensions which are carried in storehouses and store yards and included in the general stock of an operating company shall be included in balance-sheet account 712, "Material and supplies."

NOTE B: The cost of unapplied materials and supplies on hand at the completion of construction work shall be transferred to balance-sheet account 712, "Material and supplies."

EQUIPMENT

§ 10.50 *Equipment.* The several primary accounts included in this general account are designed to show the cost of the several classes of equipment owned by the carrier, or held under equipment trust agreements for purchase.

To the appropriate primary accounts in this general account shall be charged the cost of all equipment, such as steam locomotives, electric locomotives, passenger-train cars, freight-train cars, work equipment, floating equipment, and the necessary appurtenances, furniture, and fixtures first to equip for service, including the cost of inspection, setting up, and trying out, and transportation over foreign lines; also the cost of additions, such as headlights, mechanical stokers, power brakes, vestibules, machinery for self-propulsion, heating and lighting apparatus, and the like; and the excess cost of betterments, such as improved appliances, parts, or appurtenances, over the cost at current prices (as new) of the appliances, parts, or appurtenances removed. The cost of removing the old appliances and applying the improved shall be charged to operating expenses.

The ledger value of each unit of equipment shall be credited to the appropriate equipment account when it is permanently retired from service. (See Note A which follows.)

The service value (see Note B which follows) of the unit shall be charged to account 735, "Accrued depreciation—Road and equipment." An equitable proportion of any balances carried in accounts 72 to 77, inclusive, applicable to the equipment retired, shall be credited thereto concurrently and charged to account 330, "Retirements—Equipment."

The value of the salvage (see Note C which follows) from the unit shall be charged to account 712, "Material and supplies," or to other account appropriate according to the disposition thereof. In case the retired equipment is held without being torn down, the estimated value of the salvage therefrom shall be included in account 741, "Other assets," until the salvage is recovered.

The cost of tearing down the retired unit and recovering the salvage shall be charged to account 329, "Dismantling retired equipment."

The ledger value (estimated if not known) of all parts of equipment retired and not replaced shall be credited to the property investment account and the service value thereof charged to account 735, "Accrued depreciation—Road and equipment."

When equipment of one class is converted so as to be includible in another class, the accounting shall be as provided in § 10.01–11 *Adjustment for converted property.*

When an important addition and betterment project or the construction of new lines necessitates the purchase of equipment to be used exclusively therein, the cost of such equipment shall be included in the accounts representing the cost of the work, and no charge shall be made to operating expenses for depreciation on such equipment while the cost remains so charged. The amount realized from any subsequent sale, or the appraised value of the equipment retained after the completion of the special work for which it was purchased, shall be credited to the accounts charged with its cost. The appraised value of such equipment retained shall be debited to the appropriate primary account herein, and thereafter, for the purposes of accounting, such appraised value shall be considered as the cost of the equipment.

When second-hand equipment acquired is in such physical condition that it is necessary to make extensive repairs to it to bring it up to the standard required by the carrier, the cost of such repairs shall be included in the account appropriate for the cost of the equipment. A comprehensive statement of the amount estimated to be necessary to rebuild second-hand equipment in accordance with the above provision shall be furnished to the Commission as soon as the estimate is made.

The accounting for leased equipment retired shall be in accordance with provisions in § 10.01–7 *Road property retired* relating to leased road property retired.

NOTE A: The term "retired from service" as applied to equipment means equipment which has been permanently withdrawn from transportation service. (See also § 10.01–8 (c) *Major renewals.*)

NOTE B: The term "service value" as applied to equipment means the ledger value thereof less the value of the salvage therefrom.

NOTE C: The term "value of salvage" means the amount received for property retired, or for the material salvaged therefrom, if sold; or if retained, the value at which the property or the material salvaged therefrom is chargeable to account 712, "Material and supplies," or other account of this system of accounts.

Units of equipment, the ledger value of which shall be credited to the equipment accounts at the time of retirement, are designated in § 10.01–15.

§ 10.51 *Steam locomotives.* This account shall include the cost of steam locomotives and tenders, purchased or built by the carrier, and of appurtenances, furniture, and fixtures necessary to equip them for service, including the cost of inspection, setting up, and trying out after receipt from builders, and transportation charges to the carrier's line.

LIST OF APPURTENANCES TO LOCOMOTIVES

Air-brake equipment and hose.
Arm rests.
Awnings.
Brake fixtures.
Cab cushions.
Cab lamps.
Clocks.
Coal boards.
Fire - extinguishing apparatus.
Gongs.
Head lamps.
Metallic packing.
Pneumatic sanding equipment.
Seat boxes.
Signal lamps.
Speed recorders.
Steam-gauge lamps.
Steam-heat equipment and hose.
Storm doors.
Tool boxes.
Train-signal equipment and hose.

§ 10.52 *Other locomotives.* This account shall include the cost of locomotives other than steam, purchased or built by the carrier, and of appurtenances, furniture, and fixtures necessary to equip them for service, including inspection, setting up, and trying out after receipt from builders, and transportation charges to the carrier's line.

NOTE: Cars with motor equipment are not to be classed as locomotives.

§ 10.53 *Freight-train cars.* This account shall include the cost of freight-train cars of all classes, including motor-

driven cars, purchased or built by the carrier, including all appurtenances, furniture, and fixtures necessary to equip them for service, and the cost of inspection and transportation charges to the carrier's line.

LIST OF FREIGHT-TRAIN CARS

Ballast (commercial).
Beer.
Box.
Cabin.
Caboose.
Charcoal.
Coal.
Coke.
Dump (commercial).
Flat.
Fruit.
Furniture.
Gondola.
Gondola (hopper).
Gondola (long).
Gun truck.
Hay.
Lime.
Logging.
Oil tank.
Ore.
Platform.
Poling.
Poultry.
Produce.
Rack.
Refrigerator.
Stock.
Tank and water (when used as commercial cars).

LIST OF APPURTENANCES TO FREIGHT-TRAIN CARS

Air-brake equipment, including hose.
Cooking equipment and utensils.
Cushions.
Heating equipment.
Ice boxes.
Lamps and fixtures.
Seats.
Speed recorders.
Train-signal equipment, including hose.
Water tanks.

§ 10.54 *Passenger-train cars.* This account shall include the cost of passenger-train cars of all classes, including motor-driven cars, purchased or built by the carrier, including all appurtenances, furniture, and fixtures necessary to equip them for service, and cost of inspection and transportation charges to the carrier's line.

LIST OF PASSENGER-TRAIN CARS

Baggage.
Baggage-express.
Baggage-mail.
Baggage-mail-express.
Buffet.
Café.
Chair.
Club.
Colonist.
Dining.
Express.
Immigrant.
Library.
Mail.
Milk.
Observation.
Parlor.
Parlor-baggage.
Passenger.
Passenger-baggage.
Passenger - baggage-mail.
Postal.
Refrigerator-express.
Sleeping.
Smoking.
Tourist.

LIST OF APPURTENANCES TO PASSENGER-TRAIN CAR

Air-brake equipment, including hose.
Bedding.
Chairs.
Coat hooks.
Curtains and fixtures.
Cushions.
Electric bells.
Floor coverings.
Heating equipment.
Ice boxes.
Ice tanks.
Kitchen equipment and utensils.
Lighting equipment.
Mail catchers.
Parcel racks.
Ranges and boilers.
Seats.
Speed recorders.
Steam-heat hose.
Table china.
Table glassware.
Table linen.
Table silver.
Toilet equipment.
Train-signal equipment, including hose.
Water tanks.

§ 10.56 *Floating equipment.* This account shall include the cost of marine or floating equipment of all kinds except work equipment, purchased or built by the carrier, including all appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation charges to the carrier's line.

LIST OF FLOATING EQUIPMENT

Barges.
Canal boats.
Car and other floats.
Ferryboats.
Lighters.
Power launches.
Power lighters.
Scows.
Steamboats.
Steamships.
Transfer boats.
Tugboats.

LIST OF APPURTENANCES TO FLOATING EQUIPMENT

Anchors.
Axes.
Barometers.
Beds and bedding.
Binnacle lamps.
Blocks and tackle.
Boilers and foundations.
Cables.
Capstan bars.
Carpets.
Charts.
China, crockery, and glassware.
Chronometers.
Clocks.
Compasses.
Counters.
Desks.
Engines and foundations.
Fire buckets.
Fire extinguishers.
Floor coverings.
Flue cleaners.
Furniture.
Gangplanks.
Hatchets.
Heating equipment.
Hoisting equipment.
Hooks.
Keys.
Kitchen equipment.
Life preservers.
Lighting equipment.
Linen.
Lines.
Logs.
Machinery and foundations.
Masts.
Oil cans.
Pianos and other musical instruments.
Pumps.
Racks.
Railings.
Rakes.
Rigging.
Safes.
Sails.
Scales.
Seats, chairs, and cushions.
Shovels.
Slice bars and pokers.
Spyglasses.
Steam distribution systems.
Steering equipment.
Telescopes.
Ticket cases.
Tool boxes.
Tools, miscellaneous.
Tracks on car floats.
Ventilating equipment.
Wrenches.

§ 10.57 *Work equipment.* This account shall include the cost of work equipment, including motor-driven equipment, purchased or built by the carrier; cost of appurtenances, furniture, and fixtures necessary to equip it for service, and cost of inspection and transportation charges to the carrier's line.

LIST OF RAIL WORK EQUIPMENT

Air-brake instruction cars.
Ballast cars.
Ballast unloader cars.
Boarding cars.
Bridge cars.
Business cars.
Camp cars.
Cinder cars.
Concrete mixers (mounted).
Derrick cars.
Dirt spreaders (mounted).
Ditching cars.
Dump cars.
Dynamometer cars.
Gas tank cars.
Grading cars.
Gravel cars.
Indicator cars.
Locomotive tanks used permanently as water cars.
Locomotives.
Officers' cars.
Outfit cars.
Painters' cars.
Pay cars.
Pile drivers (mounted).
Rail saws (mounted).
Salt cars.
Sanding cars.
Scale test cars.
Scraper cars.
Snow dozers.
Snow drags.
Snow plows (moved by but not attached to locomotives).
Sprinkling cars.
Steam shovels.
Steam wrecking derricks.
Supply cars.
Sweeper cars.
Tool cars.
Tool and block cars.
Water cars.
Weed burners (mounted).
Wrecking cars.

LIST OF FLOATING WORK EQUIPMENT

Derricks.
Dredges.
Pile drivers.

APPURTENANCES TO FLOATING WORK EQUIPMENT

Anchors.
Axes.
Barometers.
Beds and bedding.
Blocks and tackle.
Boilers and foundations.
Cables.
China, crockery, and glassware.
Compasses.
Cushions.
Desks.
Engines and foundations.
Fire extinguishers.
Fire buckets.
Floor coverings.
Flue cleaners.
Gangplanks.
Hatchets.
Heating equipment.
Hoisting equipment.
Hooks.
Keys.
Life preservers.
Lighting equipment.
Linen.
Lines.
Machinery and foundations.
Masts.
Oil cans.
Pumps.
Rakes.
Rigging.
Sails.
Seats and chairs.
Shovels.
Slice bars and pokers.
Steam distribution systems.
Steering equipment.
Tool boxes.
Tools, miscellaneous.
Wrenches.

§ 10.58 *Miscellaneous equipment.* This account shall include the cost of horses and harness; and cost of wagons, automobiles, and other highway vehicles.

§ 10.59 *Unapplied material and supplies; equipment.* This account shall include the cost of unapplied material and supplies located at the point of use which have been purchased specifically for the construction of new railroad equipment.

NOTE A: If material and supplies designated for new railroad equipment are carried in storehouses and storeyards as part of the general stock of the company, their cost shall be included in balance sheet account 712, "Material and supplies."

NOTE B: The cost of unapplied material and supplies on hand at the completion of construction work shall be transferred to balance sheet account 712, "Material and supplies."

GENERAL EXPENDITURES

§ 10.70 *General expenditures.* The primary accounts of this general account are designed to include expenditures made in connection with the acquisition and construction of original road and equipment, and with extensions, additions, and betterments to road and equipment property, when such expenditures can not properly be included in any of the foregoing accounts as a part of the cost of any specific work. When assignable, such expenditures shall be included in the cost of the property in connection with which the expenditures occur.

§ 10.71 *Organization expenses.* This account shall include all fees paid to governments for the privilege of incorporation, and office and other expenditures incident to organizing the corporation and putting it in readiness to do business; cost of preparing and distributing prospectuses; costs of soliciting subscriptions for stock; cash fees paid to promoters, and the actual cash value (at the time of the organization) of securities paid to promoters for their services in organizing the enterprise; special counsel fees; cost of preparing and issuing certificates of stock; cost of procuring the necessary certificates from State authorities; and other like costs.

NOTE: Cost of soliciting for loans or for the sale of bonds or other evidences of indebtedness shall be charged to balance-sheet ac-

count 742, "Unamortized discount on long-term debt."

§ 10.72 *General officers and clerks.* This account shall include the pay and expenses of executive and general officers and of general office clerks engaged exclusively in connection with the construction of new road and extensions.

NOTE: The salaries and expenses of executive and general officers and of general office clerks engaged in connection with the conduct of commercial operations during the period before the regular operation of revenue trains shall be included in account 40, "Revenues and operating expenses during construction."

§ 10.73 *Law.* This account shall include specific and distinct expenditures, not provided for elsewhere, for law service in connection with the acquisition of new road, road extensions, additions, and betterments, such as pay and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices.

ITEMS OF EXPENSES

Arbitrators' services in settlement of disputed questions.
Cost of taking depositions.
Cost of testimony.
Costs of suits.
Court bonds.
Court expenses.
Express charges.
Fees and retainers of attorneys not regularly employed.
Law books.
Legal forms.
Legal reports.
Notarial fees not provided for elsewhere.
Office expenses.
Printing of briefs, testimony, etc.
Rent of offices.
Special fees.
Telegraph service.
Telephone service.
Traveling expenses.
Witness fees not provided for elsewhere.

NOTE: Court costs and special counsel fees in connection with the acquisition of land for transportation operations shall be included in account 2, "Land for transportation purposes."

§ 10.74 *Stationery and printing.* This account shall include the cost of stationery, stationery supplies, postage, office devices, and printed matter used by any class of employees in connection with construction and not provided for elsewhere.

ITEMS OF STATIONERY AND PRINTING

Adding machines.
Addressographs and supplies.
Arm rests.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cross-section books.
Cross-section paper.
Cyclostyles.
Dating stamps and ribbons.
Dictaphones.
Dictographs.
Drawing paper.
Duplicators.
Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes.
Forms, blank and printed.
Fuel tickets.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Parchment paper.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Punches (not conductors' or baggagemen's).
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Telegraph blanks.
Time-tables.
Tissue (impression) paper.
Tracing cloth.
Tracing paper.
Twine.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Water colors.
Water holders.
Waybills.
Wrapping paper.
Wringers for copying presses.

NOTE A: The cost of printing bonds, etc., in connection with the carrier's funded debt shall be included in balance-sheet account 742, "Unamortized discount on long-term debt."

NOTE B: The cost of stationery and printing, when assignable, shall be included in the cost of the property in connection with the acquirement or construction of which the expenditure occurs.

§ 10.75 *Taxes.* This account shall include State, county, township, city, school, road, annual franchise, and all other taxes and assessments levied and paid on property belonging to the carrier during construction and before the facilities are used for commercial operations, except special assessments for street and other improvements chargeable to account 39, "Public improvements—Construction."

NOTE: Taxes during construction, when assignable, shall be included in the cost of the property acquired or constructed.

§ 10.76 *Interest during construction.* When any bonds, notes, or other evidences of indebtedness are sold, or any interest-bearing debt is incurred for acquisition and construction of original road and equipment, extensions, additions, and betterments, the interest accruing on the part of the debt representing the cost of property chargeable to road and equipment accounts (less interest, if any, allowed by depositaries on unexpended balances) after such funds become available for use and before the receipt or the completion or coming into service of the property so acquired shall be charged to this account.

When such securities are sold at a premium the proportion of such premium assignable to the time between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall also include such proportion of the discount and expense on funded debt issued for the acquisition of original road, original equipment, road extensions, additions, and betterments, as is equitably assignable to the period between the date of the actual issuance of securities and the time when the property acquired or the improvement made becomes available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired and the period of the entire life of the securities issued.

NOTE A: Interest on bonds, notes, or other evidences of indebtedness accruing before the proceeds from the sale of the securities become available for use shall not be included in this account, nor shall there be included any interest accruing after the property with respect to which the proceeds are expended is received or becomes available for use in connection with commercial service.

NOTE B: If any securities which have been issued or assumed by the carrier are sold or exchanged by or for the carrier for a consideration the actual money value of which at the time of such sale or exchange is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities plus the accrued interest shall be deemed a discount. In no case (except as provided in the third paragraph of this account) shall discounts be included as part of the cost of anything charged to any account prescribed in this classification.

NOTE C: For definition of securities actually issued, see Note B, under general balance-sheet account 765, "Funded debt unmatured."

NOTE D: Whenever interest, premium, or discount assignable to the construction period is incurred in connection with an expenditure covered by some specific road and equipment account or accounts, such interest, premium, or discount shall be charged directly to the specific accounts to which it is related.

NOTE E: This account shall not include interest during the construction period on the carrier's own funds expended in connection with the acquisition or construction of original road and equipment, extensions, additions, and betterments.

§ 10.77 *Other expenditures; general.* This account shall include all expenditures of a special and incidental nature in connection with the acquisition and construction of original road and equipment, road extensions, additions, and betterments which cannot properly be included in any other account in this classification.

OPERATING REVENUES AND OPERATING EXPENSES

REVENUE ACCOUNTS

Transportation

§ 10.100 *Transportation; rail line.* The primary accounts included in this general account are designed to show amounts of money which the carrier becomes entitled to receive or which accrue

to its benefit from service rendered in transporting property or persons by rail line.

§ 10.101 *Freight.* This account shall include revenue from the transportation of freight and from transit, stop, and reconsigning privileges, upon the basis of lawful tariff rates.

ITEMS TO BE CREDITED

(a) Revenue upon the basis of local freight tariff rates, regardless of class of train in which the freight is transported.
(b) The carrier's proportion of revenue upon the basis of through freight tariff rates, regardless of class of train on which the freight is transported.
(c) Revenue from transportation of mail matter, and empty mail pouches, at freight tariff rates.
(d) Revenue from transportation of freight on special trains at rates based on weights of shipments.
(e) Revenue on basis of classifications and freight tariffs from transportation of caretakers of freight shipments.
(f) Revenue from reconsigning privileges.
(g) Revenue from stop privileges.
(h) Revenue from transit privileges.
(i) Revenue upon the basis of arbitraries out of freight rates for water transfers (ferriage, lighterage, and floatage).

ITEMS TO BE CHARGED

Amounts paid as bridge and ferry arbitraries on freight.
Amounts paid for completing a haul.
Amounts paid for elevation of freight.
Amounts paid for switching services, in connection with the transportation of freight, on the basis of switching tariffs, and allowances out of through rates, including amounts paid for switching empty cars in connection with a freight revenue movement.
Amounts paid for transferring freight between stations.
Arbitraries and allowances to others for lighterage and wharfage.
The carrier's proportion of overcharges resulting from the use of erroneous rates, weights, classifications or computations.
The carrier's proportion of refunds on account of errors in routing and billing.
The carrier's proportion of uncollected revenue on freight lost or destroyed in transit.
The carrier's proportion of uncollected tariff charges on damaged shipments for which charges neither shipper nor consignee is liable.
Amounts paid on basis of tariff rates for loading and unloading livestock.

NOTE A: Amounts paid for switching empty cars otherwise than in connection with loaded movements shall be charged to operating expense account 411, "Other expenses," except that amounts paid for switching equipment for repairs shall be included in the appropriate equipment repair accounts.

NOTE B: Other carriers' proportion of revenue and of uncollectible undercharges paid by the carrier on account of its errors in routing and billing shall be charged to operating expense account 411, "Other expenses."

NOTE C: Other carriers' proportion of revenue paid by the carrier on freight lost, destroyed, or damaged in transit, for which neither consignees nor consignors are liable shall be charged to operating expense account 418, "Loss and damage—Freight."

NOTE D: When a lessee company transports freight over the tracks of another carrier on the basis of a proportion of revenues under a joint arrangement, it shall include the entire compensation in its revenues and statistics, charging the appropriate joint facility expense and rental accounts with the amounts paid the lessor company, and the lessor company shall credit the corresponding accounts.

The accounting in connection with transportation train service operated under a joint arrangement for the benefit of two or more carriers shall be as provided in the second paragraph of § 10.04-9 *Joint facility accounts.*

NOTE E: The accrued revenue derived from the transportation of cream, sweet milk, etc., on a basis of lawful tariffs at rates per package, regardless of weights, shall be included in account 109, "Milk."

NOTE F: Revenue from the transportation of caretakers of freight shipments, when not included as a part of the freight charges on the waybill covering the freight shipments, shall be credited to account 102, "Passenger."

NOTE G: This account shall be maintained so as to show separately payments and allowances (a) to railway express agencies, (b) to motor truck companies and others, and (c) to shippers and consignees, for terminal collection and delivery services when performed in connection with line haul transportation of freight on the basis of freight tariff rates; also (d) payments for switching services when performed in connection with line haul transportation of freight on the basis of switching tariffs and allowances out of freight rates, including the switching of empty cars in connection with a revenue movement, and (e) payments on basis of tariff rates for loading and unloading livestock.

§ 10.102 *Passenger.* This account shall include the revenue from transportation of passengers at passenger tariff fares; from the transportation of passengers at special fares as provided by law, and from incidental charges in connection therewith.

ITEMS TO BE CREDITED

(a) Revenue from local passenger fares.
(b) The carriers' proportion of revenue from interline passenger fares.
(c) Revenue from extra fares.
(d) Revenue from additional fares or charges for exclusive use of a passenger car, drawing room, compartment, bedroom, etc.
(e) Revenue from mileage and scrip coupons honored for all services covered by this account.
(f) Revenue from transportation of passengers in special cars or on special trains when charge is based on passenger fare per capita, regardless of the number of passengers actually transported.
(g) Revenue from a guaranteed minimum amount not based on per capita fare, for transportation of passengers on special or chartered trains.
(h) Cash fare penalty collections.
(i) Unclaimed collections and deposits for transportation of passengers.
(j) Passenger fare overcharges.
(k) Revenue from transportation of corpses, based on passenger fares.
(l) Revenue from water transfers (ferriage), bridge tolls, and transfers between railway stations or between railway stations and docks, received as arbitraries in division of passenger fares.

ITEMS TO BE CHARGED

(a) Amounts paid as bridge tolls, and also for ferry, depot to depot and depot to dock passenger transfer service.
(b) Amounts paid for switching in completing a passenger transportation movement.
(c) Amounts paid for switching empty passenger-train cars in connection with transportation of passengers. (See Note C.)
(d) Redemptions of unused and partially unused local tickets and redemptions of carrier's proportions of unused and partially unused interline tickets.
(e) Refund of extra fares, cash fare penalty collections, and overcharges in excess of tariff fares.
(f) Uncollectible undercharges.

NOTE A: Gross receipts from the sale of mileage tickets, and scrip books shall be credited to a suspense account. The suspense account shall be charged and this account credited with the value of coupons as honored, in connection with any of the services provided for in "Items To Be Credited."

NOTE B: When a lessee company transports passengers over the tracks of another company under a joint arrangement upon the basis of a proportion of the passenger revenue, it shall include the entire compensation in its passenger revenue and statistics, charging the appropriate joint facility expense and rental accounts with the amounts paid the lessor company and the lessor company shall credit the corresponding joint facility accounts.

The accounting in connection with transportation train service operating under a joint arrangement for the benefit of two or more carriers shall be as provided in the second paragraph of § 10.04-9 *Joint facility accounts.*

NOTE C: Amounts paid for switching empty passenger-train cars otherwise than in connection with loaded movements, shall be charged to account 411, "Other expenses," except that when switched for repairs, the amounts paid shall be included in account 317, "Passenger-train cars—Repairs."

NOTE D: Revenue from the transportation of automobiles, with or without trailers, in freight service, in connection with the transportation of passengers, also revenue from loading and unloading automobiles at point of origin, destination, or enroute, shall be credited to account 101, "Freight."

§ 10.103 *Baggage.* This account shall include the revenue from the transportation of baggage, packages, baby carriages, bicycles, household pets, dogs, etc., on passenger trains at other than freight or express tariff rates.

LIST OF ITEMS

(a) Revenue from transportation of baggage in excess of free allowances.
(b) Revenue from transportation of packages, baby carriages, bicycles, household pets, dogs, etc., at baggage tariff rates.
(c) Revenue from transportation of baggage or other articles based upon excess value.
(d) Revenue from transportation of baggage when passenger does not make corresponding trip.
(e) Revenue from excess weight of corpses based on baggage tariff charges and from special charges for transferring corpses between depots.
(f) Revenue from scrip coupons honored for any of the above-mentioned services. (See Note B.)
(g) Overcharges on baggage transactions.
(h) Revenue from transportation of emergency shipments and articles based on double gross weight, etc.
(i) Amounts received specifically to cover movement of special or chartered baggage cars including transportation of attendants regardless of whether the charge is based upon passenger tariff fares, a stated minimum, or any other basis. This includes box cars when used for baggage service.
(j) Revenue from issuing duplicate baggage checks.

NOTE A: Revenue derived from transportation of shipments of silk, fish, etc., in passenger trains at freight rates, shall be included in account 101, "Freight."

NOTE B: Amounts of refunds, uncollectible undercharges, etc., involved in these credits, shall be charged to this account.

NOTE C: Gross receipts from the sale of baggage scrip books shall be credited to a suspense account. The suspense account shall be charged and this account credited with the value of the coupons as honored for any of the services covered by this account.

§ 10.104 *Sleeping car.* This account shall include the revenue from berth and seat accommodations furnished in sleeping cars on the basis of berth or seat rates for the space occupied.

§ 10.105 *Parlor and chair car.* This account shall include the revenue from seat accommodations furnished in parlor, observation, chair, and other special passenger cars when operated in passenger-train service or in special-train service at seat rates for space occupied.

§ 10.106 *Mail.* This account shall include the revenue from the transportation of mail at established rates for specified routes; from the use of railway post-office cars when in carrier's service transporting mails; from the use of special mail facilities; and from bonuses for special mail transportation.

To this account shall be charged fines and penalties imposed by the Government when not collected from agents or employees.

NOTE: The revenue from the transportation of mail matter and empty mail pouches on freight trains at freight tariff rates shall be included in account 101, "Freight."

§ 10.107 *Express.* This account shall include the revenue from transportation of express matters and from use of facilities on trains and at stations incident to such transportation.

When a railway company transacts an express business through its regular railway organization, the revenue therefrom shall be credited to this account.

NOTE: When contracts for express privileges provide specific amounts for the rent of facilities at stations, such amounts shall be included in revenue account 142, "Rents of buildings and other property."

§ 10.108 *Other passenger-train.* This account shall include the revenue derived from the operation of passenger trains not provided for elsewhere.

LIST OF ITEMS

(a) The carrier's proportion of contract revenue derived from the operation over its line of sleeping, parlor, chair, observation, and other special passenger-train cars, owned and operated by companies other than The Pullman Company.
(b) Value of portions of mileage tickets or coupons, scrip books or coupons, including baggage, circus and show scrip, unpresented and unredeemed.
(c) Revenue from transportation of newspapers at local tariff rates or at proportions of interline tariff rates.

§ 10.109 *Milk.* This account shall include the revenue from the transportation of cream, sweet milk, skim milk, sour milk, buttermilk, condensed milk, butterfat, and smearcase or pot cheese, upon the basis of lawful tariffs at rates per package, regardless of weights.

NOTE: The revenue from the transportation of milk upon the basis of lawful tariffs at rates per specified weights shall be included in revenue account 101, "Freight."

§ 10.110 *Switching.* This account shall include the revenue from switching service upon the basis of lawful tariff rates.

To this account shall be credited the carrier's revenue upon the basis of tariff rates, or the carrier's allowance out of through rates, from the switching of cars of all kinds, loaded or empty, either locally at a station or within a switching district, between connecting lines, between local industries, or between connecting lines and local industries; revenue upon the basis of distinct tariff rates for "trap-car" and "ferry-car" service and for spotting cars; also the revenue from interwork switching at industrial plants, and the revenue from "penalty switching" incident to the improper delivery of cars by other carriers.

To this account shall be charged amounts paid others for switching when such switching service is provided for in the switching rate charged by the carrier.

NOTE: "Penalty switching" charges paid by the carrier shall be included in expense account 411, "Other expenses."

§ 10.113 *Water transfers; freight.* This account shall include the revenue from the transfer of freight by water transfers (ferriage, lighterage, and floatage) upon the basis of lawful tariff rates for local service.

NOTE: No revenue shall be included in this account upon the basis of arbitraries out of rates for transportation involving rail line haul.

§ 10.114 *Water transfers; passenger.* This account shall include the revenue from the transfer of passengers by water transfers (ferriage) upon the basis of lawful tariff rates for local service.

NOTE: No revenue shall be included in this account upon the basis of arbitraries out of rates for transportation involving rail line conveyance.

§ 10.115 *Water transfers; vehicles and livestock.* This account shall include the revenue from the transfer by water transfers upon the basis of lawful local tariff rates, of vehicles of all classes; horses, cattle, and other animals; and Government artillery and equipment.

NOTE: No revenue shall be included in this account upon the basis of arbitraries out of rates for transportation involving rail line haul.

§ 10.116 *Water transfers; other.* This account shall include the revenue from water transfers not otherwise provided for, such as the revenue from towing beyond lighterage limits and all other towing for which an extra charge is made; insurance of freight afloat when billed out at other than cost; storage of freight afloat; grain overage in boats; pumping performed for outside parties; and from other similar sources.

To this account shall be charged amounts payable to other companies or individuals for extra lighterage, extra towing, and for all other service when such payments represent revenue collected and credited to this account and not a direct expense.

Incidental

§ 10.130 *Incidental.* The primary accounts included in this general account are designed to show the amounts which the carrier becomes entitled to receive from services rendered incidentally with rail-line and water-line transportation, for the use of facilities of which the expenses for operation and maintenance are not separable from railway expenses, and from incidental sources not provided for elsewhere.

§ 10.131 *Dining and buffet.* This account shall include the revenue from dining and buffet service on trains and transfer boats.

ITEMS TO BE CREDITED

(a) Revenue from lunches furnished.
(b) Revenue from meals furnished.
(c) Revenue from liquors furnished.
(d) Revenue from tobacco furnished.
(e) Revenue from cigars and cigarettes furnished.

§ 10.132 *Hotel and restaurant.* This account shall include the revenue from hotels, restaurants, and station lunch counters.

ITEMS TO BE CREDITED

(a) Revenue from the rent of rooms.
(b) Revenue from the use of baths.
(c) Revenue from the use of billiard tables.
(d) Revenue from the use of bowling alleys.
(e) Revenue from lunches furnished.
(f) Revenue from meals furnished.
(g) Revenue from liquors furnished.
(h) Revenue from tobacco furnished.
(i) Revenue from cigars furnished.
(j) Revenue from cigarettes furnished.
(k) Revenue from newspapers furnished.
(l) Revenue from periodicals furnished.
(m) Revenue from tonsorial service.
(n) Revenue from laundry work.

NOTE: This account shall not include the revenues from hotels and restaurants which are entirely distinct from the carrier's transportation plant and the cost of which is included in balance-sheet account 737, "Miscellaneous physical property."

§ 10.133 *Station, train, and boat privileges.* This account shall include revenue from weighing, vending, and other automatic machines located at stations; from advertising at stations and on trains and on transfer boats; from the privilege of operating news stands at stations and selling papers, periodicals, fruit, etc., on trains and on transfer boats; from telephone companies for the privilege of installing and operating commercial telephones at stations; from the operation of eating houses and dining and buffet service on trains and transfer boats when such operation is conducted by individuals or companies other than railway companies and when the expenses incurred by the carrier in connection therewith are not separable from its regular operating expenses; and from similar sources.

§ 10.134 *Parcel room.* This account shall include the revenue from the operation of parcel rooms.

§ 10.135 *Storage; freight.* This account shall include the revenue from the storage of freight.

§ 10.136 *Storage; baggage.* This account shall include the revenue from the storage of baggage.

§ 10.137 *Demurrage.* This account shall include the revenue from the detention of cars incident to loading, unloading, reconsigning, and stops in transit upon the basis of lawful tariffs for demurrage.

§ 10.138 *Communication.* This account shall include the revenue from commercial operation of telegraph, telephone, radio, and all other forms of communication systems. It shall also include amounts received from commercial operators of such systems, whether as a proportion of earnings or otherwise, for the privilege of transacting business in offices along the carrier's lines, but only when the carrier furnishes some service of employees whose pay is included in its operating expenses.

NOTE: When a commercial operator rents a communication system belonging to the carrier and pays all expenses incident to its maintenance and operation, the rent so received shall be credited to income account 510, "Miscellaneous rent income."

§ 10.139 *Grain elevator.* This account shall include the revenue from the operation of grain elevators.

ITEMS TO BE CREDITED

(a) Revenue from the elevation of grain.
(b) Revenue from the storage of grain.
(c) Revenue from bagging grain.
(d) Revenue from screening grain.
(e) Revenue from blowing grain.
(f) Revenue from cooling grain.
(g) Revenue from clipping grain.
(h) Revenue from cleaning grain.
(i) Revenue from mixing grain.
(j) Revenue from transferring grain in elevators.
(k) Revenue from loading grain into and unloading grain from boats not covered by elevation charges.
(l) Revenue from trimming grain in boats when performed by elevator employees.
(m) Revenue from the sale of screenings and sweepings.
(n) Revenue from inspecting grain in elevators.

§ 10.141 *Power.* This account shall include the revenue from the sale of electric current and other power.

§ 10.142 *Rents of buildings and other property.* This account shall include the revenue from the exclusive use of buildings and other property or portions thereof, such as depot and station grounds and buildings, general and other offices, wharves, ferry landings, elevators, stockyards, fuel yards, enginehouses, repair shops, and section and other houses, when the property is operated and maintained in connection with the property used in the carrier's transportation operations and the expenses of maintaining and operating the rented portion cannot be separated from the expenses of that portion used by the carrier.

NOTE: When the expenses of maintaining and those of operating property rented to others are separable, the rents received shall be credited and the expenses of maintenance and operation shall be charged to appropriate income accounts.

§ 10.143 *Miscellaneous.* This account shall include the revenue from railway operations not provided for elsewhere.

LIST OF ITEMS

(a) Amounts received for privilege of cutting hay along the right of way.
(b) Commissions received for collecting premiums on insurance policies from employees and installment payments for books, watches, etc., sold by dealers to employees.
(c) Profit from jobbing and installing electric power lines for others.
(d) Revenue from boat demurrage.
(e) Revenue from freight and passenger privileges over a carrier's wharves and docks.
(f) Revenue from garnishee fees.
(g) Revenue from operation of coal and ore wharves, cold-storage plants, coal-storage plants, cotton-compress plants, and wood-preserving plants.
(h) Revenue from privilege of mooring and anchoring boats at wharves and docks.
(i) Revenue from the sale of cinders produced by carrier.
(j) Revenue from use of carrier's bridges by pedestrians, streetcar lines, vehicles, etc.
(k) Revenue from temporary use of carrier's tracks for detouring trains, etc.
(l) Revenue from use of tracks incident to delays in loading or removing freight.
(m) Revenue from water furnished boats from water stations operated by the carrier.
(n) Revenue from weighing cars.
(o) The carrier's proportion of gross revenue from operation of clergy bureaus.
(p) The carrier's proportion of gross revenue from operation of ticket validation agencies.
(q) Collections made by station ushers (Red Caps) for the handling of passengers' baggage.
(r) Revenue from loading and unloading livestock in transit by railroad, and from feeding, watering, bedding, shearing, dipping, inspecting, and otherwise caring for such stock.

NOTE: When a bridge of one carrier is jointly used by itself and another carrier and such use is paid for on the basis of flat rent or charge per train-mile or toll per passenger, per ton, or per car, the compensation therefor shall be credited to the appropriate joint facility, operating expense, and income accounts.

Joint Facility

§ 10.150 *Joint facility.*

§ 10.151 *Joint facility—Cr.* This account shall include the carrier's proportion of revenue collected by others in connection with the operation of joint tracks, yards, terminals, and other facilities, including revenue from hotels, restaurants, grain elevators, sale of power, and other miscellaneous operations.

NOTE A: The purpose of this account is to show the amounts of revenue from the operation of joint tracks, yards, terminals, and other facilities operated by other companies, which under existing contracts or agreements are credited by the operating company to the tenant companies which participate therein. The bill rendered by any creditor company against a debtor company for the latter's proportion of the expense of maintenance and operation of joint facilities, which includes also a credit covering a proportion of the revenue to be paid over, shall show the distribution of the credit for such proportion of the revenue separately from the distribution of the expense of operation.

NOTE B: No credits shall be made to this account representing amounts creditable by the operating company to primary accounts 101 to 109, 113 to 116, and 131. (See however, Case 297, Accounting Bulletin No. 15.)

§ 10.152 *Joint facility—Dr.* This account shall include that proportion of revenue from the operation of joint tracks, yards, terminals, and other facilities, which is creditable to other companies, including revenue from hotels, restaurants, grain elevators, sale of power, and other miscellaneous operations.

NOTE A: The purpose of this account is to show the amount of revenue from operation of a terminal company or other carrier which, under the terms of existing contracts or agreements covering the joint use of tracks, yards, and other facilities, is credited to other carriers that participate in the benefits from such joint use. The bill rendered by a creditor company against a debtor company for the latter's proportion of expense of maintaining and operating joint facilities, which includes a credit covering the debtor company's proportion of the revenues from operation of such joint facilities, shall indicate separately the proper distribution of both the revenues and the expenses included in the bill, and such distribution shall be adhered to by the debtor.

NOTE B: No debits shall be made to this account representing amounts creditable by the operating company to primary accounts 101 to 109, 113 to 116, and 131. (See however, Case 297, Accounting Bulletin No. 15.)

EXPENSE ACCOUNTS

Maintenance of Roadway

§ 10.200 *Maintenance of way and structures.* The primary accounts included in this general account are designed to show the expenses of maintaining road property devoted to railway operations, with the exception of shop machinery, power plant machinery, and power plant apparatus, the expenses of maintaining which are includible in general account 300, "Maintenance of equipment."

The accounts for maintenance of way and structures shall be kept in such manner as to show separately, by primary accounts, the expenses directly assignable to sleeping car operations, dining and buffet service, hotels and restaurants, grain elevators, stockyards, producing power sold, and other miscellaneous operations.

§ 10.201 *Superintendence.* This account shall include:

(a) *Pay of officers.* The pay of officers directly in charge of or engaged in the maintenance of roadway and structures.

LIST OF OFFICERS

Vice president.
Assistant vice president.
General manager.
Assistant general manager.
General superintendent.
Assistant general superintendent.
Chief engineer.
Engineer.
Division engineer.
Bridge engineer.
Chief signal engineer.
Assistant engineers.
Architect.
Roadmaster.
Assistant roadmaster.
Master carpenter.
Assistant master carpenter.
Master mason.
Superintendent of roadway structures.
Superintendent of scales.
Inspector of maintenance.
Building inspector.
Inspector of roadway stores.
Supervisor.
Assistant supervisor.
Fire Chief.
Fire inspector.
Sanitary inspector.

(b) *Pay of clerks and attendants.* The pay of clerks and other employees in the

offices and on the business cars of officers whose pay is chargeable to this account.

LIST OF EMPLOYEES

Chief clerk.	Chainmen.
Draftsmen.	Axmen.
Clerks.	Janitors.
Stenographers.	Messengers.
Transitmen.	Cooks.
Levelmen.	Porters.
Rodmen.	

(c) *Office and other expenses.* Office expenses and other expenses of officers and employees whose pay is chargeable to this account; also amounts paid detective agencies and others for investigations in connection with maintenance of way and structures.

ITEMS OF EXPENSE AND SUPPLIES

Atlases and maps.
Books for office use.
Business car service.
Fees and dues in associations.
Furniture repairs and renewals.
Heating.
Lighting.
Official train service.
Periodicals and newspapers.
Power.
Provisions for business cars.
Rent of offices.
Repairs of rented offices.
Telegraph service.
Telephone service.
Traveling expenses.
Water and ice.

SUPPLIES FOR TECHNICAL ASSISTANTS

Barometers.	Planimeters.
Books and maps.	Plummets.
Boxes for materials and instruments.	Protractors.
	Ranging poles.
Cameras.	Reading glasses.
Camp equipage.	Rods for surveyors.
Chains for surveyors.	Scales.
Compasses.	Section liners.
Curves.	Sextants.
Drafting boards.	Slide rules.
Drafting instruments.	Stakes.
	Straightedges.
Field glasses.	Tally registers.
Field notebooks.	Tape lines.
Hatchets.	Tee-squares.
Levels.	Telescopes.
Magnets.	Thermometers.
Magnifiers.	Thumb tacks.
Marking chalk.	Tracing linens.
Oilstones.	Transits.
Paper, blue-print.	Traverse tables.
Parallel rules.	Triangles.
Photographic supplies.	Tripods.
	Verniers.
Plane tables.	

NOTE A: When employees designated above are specifically assigned to construction work, their pay and expenses while thus employed shall be charged to the work upon which engaged.

NOTE B: When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE C: No part of the pay and expenses of the officers and employees designated above shall be charged to other primary accounts under account 200, "Maintenance of way and structures."

NOTE D: The cost of stationery for maintenance of way and structures offices is chargeable to account 276, "Stationery and printing."

§ 10.202 *Roadway maintenance.* This account shall include:

(a) *Care of roadbed.* The cost of repairing roadbed.

ITEMS OF ROADWAY EXPENSE

Blasting rocks.
Building temporary tracks around slides and washouts.
Repairing and cleaning tile ditches, open ditches, and drains.
Crowning track ties with retaining earth.
Filling borrow and cattle pits.
Keeping tracks clear and repairing sub-grade in case of washouts.
Landscape gardening along roadway.
Oiling roadbed.
Post driving and pressure grouting to promote stability of roadbed.
Removing temporary tracks around slides and washouts.
Repairing roadbed damaged by washouts.
Removing dangerous rocks.
Removing slides.
Restoring roadbed, cuts, fills, and embankments to standard width.
Sloping cuts.
Sodding roadway.

NOTE A: The cost of drains or sewers laid under tracks shall be included in account 208, "Bridges, trestles, and culverts." The cost of landscape gardening within the limits of the grounds around buildings shall be included in the appropriate repair accounts for buildings.

(b) *General cleaning.* The cost of cutting, removing, and disposing of brush, grass, and weeds from the right of way; plowing and digging fireguards; dressing ballast and cutting sod lines; removing miscellaneous scrap, drift, cinders, dirt, and other material from right of way and from road and terminal tracks (including tracks at stations, engine yards, and car yards); and cleaning streets used as roadways.

NOTE B: Loading ashes at engine-yard tracks shall be charged to the engine-house expense accounts.

(c) *Watching roadway.* The cost of extinguishing fires on right of way and adjacent thereto, and of walking, watching, and patrolling tracks and right of way.

NOTE C: The cost of watching and patrolling bridges, buildings, and miscellaneous property is provided for in accounts specifically relating to such property.

(d) *Bank protection.* The cost of repairs to riprap, piling, dikes, piers, breakwaters, revetments and retaining walls, which were placed or constructed for bank protection.

(e) *Train service.* The cost of work-train service in connection with work pertaining to roadway maintenance.

(f) *Track changes.* The cost of roadway work in connection with taking up and relocating tracks.

(g) *Other expenses.* The cost of roadway work not provided for elsewhere, such as official roadway inspection train service and premiums in connection with roadway maintenance.

NOTE D: Tools and supplies used by repair men and watchmen in roadway maintenance service shall be charged to account 271, "Small tools and supplies."

§ 10.206 *Tunnels and subways.* This account shall include the cost of repairing, ventilating, lighting, and watching tunnels and subways for the passage of trains, and the cost of special tools and supplies furnished in connection with the work.

NOTE: The cost of repairs to signals and to roadway and tracks in tunnels shall be charged to the appropriate maintenance of way accounts and not to this account.

§ 10.208 *Bridges, trestles, and culverts.* This account shall include the cost of repairing (including fuel and supplies used) and watching bridges, trestles, and culverts, including altering and bracing during process of filling, dredging and cleaning water channels for protection, and cleaning culverts.

The bridges, trestles, and culverts referred to in this account include only structures which carry the carrier's own tracks.

DETAILS OF BRIDGE STRUCTURES

Abutments.	Ice breakers.
Bridge signs.	Painting.
Cofferdams.	Pier protection.
Concrete and masonry ends for culverts.	Piers and foundations.
	Pipe culverts.
Cribs.	Retaining walls.
Decking, including gravel for fire protection.	Riprap around abutments.
	Riprap at culvert ends.
Dike protection.	Supports.
Drainage systems.	Water channels.
Draw protection.	Waterproofing.
Drawbridge engines and machinery.	Wing dams.
False work.	Wing walls.
Guard timbers.	

NOTE: When a part of the entire structure of a bridge or trestle is converted, by filling into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to road and equipment account 6, "Bridges, trestles, and culverts." In case the bridge is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such a temporary trestle shall be charged to road and equipment account 3, "Grading." The ledger value of the structure, or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to road and equipment account 3, "Grading," shall be charged to account 735, "Accrued depreciation—Road and equipment."

§ 10.210 *Elevated structures.* This account shall include the cost of repairing elevated structures and foundations of elevated railway systems.

§ 10.212 *Ties.* This account shall include the cost of cross, switch, bridge, and other track ties used in the repairs of tracks.

NOTE A: The cost of labor for unloading, distributing, and putting ties in tracks, the cost of work-train service in connection with the distribution of the ties laid, and the cost of picking up and concentrating or disposing of the ties released shall be charged to account 220, "Track laying and surfacing."

NOTE B: The excess cost of metal ties applied in place of wooden ties over the cost at current prices of replacing in kind the wooden ties removed shall be charged to road and equipment account 8, "Ties."

NOTE C: The cost of ties used for repairs of tracks in quarries and ballast pits shall be included in the appropriate clearing accounts, and of ties used for repairs of tracks on car floats in account 323, "Floating equipment—Repairs."

§ 10.214 *Rails.* This account shall include the cost (less salvage) of rails used in the repairs of tracks; also the cost (at current prices at time of removal) of the excess in weight of heavy rails removed and lighter rails applied in repairs of tracks.

NOTE A: The cost of labor for unloading, distributing, and putting rails in tracks, the cost of work-train service in connection with the distribution of the rails laid, and the cost of picking up and concentrating the rails released shall be charged to account 220, "Track laying and surfacing."

NOTE B: The cost of the excess weight of heavier rails applied in repairs of tracks in replacement of lighter rails shall be included in account 9, "Rails."

NOTE C: The cost of rails used for repairs of tracks in quarries and ballast pits shall be included in the appropriate clearing accounts, and of rails used for repairs of tracks on car floats to account 323, "Floating equipment—Repairs."

§ 10.216 *Other track material.* This account shall include the cost (less salvage) of all track material used in the repairs of tracks, other than ballast, ties, and rails.

ITEMS OF OTHER TRACK MATERIAL

Angle bars.
Anticreepers.
Connecting rods.
Derails.
Frog and guard-rail blocking.
Frogs.
Guard-rail clamps.
Guard-rail fasteners.
Guard rails.
Main rods.
Nut locks.
Nuts.
Offset bars.
Rail braces.
Rail chairs.
Rail clips.
Rail joints.
Rail rests.
Rail shims.
Rail splices.
Splice bars.
Step chairs.
Switch chairs.
Switch crossings.
Switch lamps.
Switch locks and keys.
Switch points.
Switch stands.
Switch-stand bolts.
Switch targets.
Switches.
Tie plates.
Tie plugs.
Tie-rods.
Track bolts.
Track insulators.
Track spikes.

NOTE A: The cost of labor and train service for distributing, unloading, and applying "other track material" used, and the cost of picking up and concentrating the material released shall be charged to account 220, "Track laying and surfacing."

NOTE B: The excess cost of improved or heavier track material applied for repairs of tracks, under a definite plan of changing standards, over the cost, at current prices, of material of the same weight and quality as that released, shall be charged to road and equipment account 10, "Other track material."

NOTE C: The cost of "other track material" used for repairs of tracks in quarries and ballast pits shall be included in the appropriate clearing accounts, and of such track material used for repairs of tracks on car floats in account 323, "Floating equipment—Repairs."

§ 10.218 *Ballast.* This account shall include the cost of gravel, stone, slag, cinders, sand, and like ballast material used in the repairs of tracks, including the cost of work-train service and of unloading the material.

When the ballast taken from a pit is not sufficient to justify the opening of a clearing account, the cost of gravel and quarry rights and cost of sinking test holes shall be included in this account.

NOTE A: The cost of loading cinders at ash pits shall be charged to account 388, "Enginehouse expenses—Yard," or to account 400, "Enginehouse expenses—Train." No charge to cover the value of cinders accumulated by the carrier shall be included in this account.

NOTE B: The cost of labor putting ballast in tracks shall be included in account 220, "Track laying and surfacing."

NOTE C: The excess cost of ballasting tracks over the cost of replacing in kind to its maximum height and width the ballast previously put in the roadbed shall be charged to road and equipment account 11, "Ballast."

NOTE D: Earth placed to form a crown in the middle of the track is not to be considered as ballast.

NOTE E: The cost of ballast used for repairs of temporary tracks, such as gravel pit or quarry tracks, shall be included in the appropriate clearing accounts.

§ 10.220 *Track-laying and surfacing.* This account shall include:

(a) *Applying ballast.* The cost of labor expended in preparing the roadbed, and applying ballast for repairs of tracks.

(b) *Applying ties.* The cost of labor expended in unloading, distributing and applying ties for repairs of tracks; in gathering up and disposing of the ties released; and in respacing ties.

(c) *Applying rails.* The cost of labor expended in unloading, distributing, cutting, slotting, drilling, adzing for, and laying rails for repairs of tracks; in gathering up and loading rails released; and in adjusting for expansion and contraction of rails.

(d) *Applying other track material.* The cost of labor expended in unloading, distributing, and applying other track material for repairs of tracks; and the cost of gathering up and loading the material released.

(e) *Track maintenance.* The cost of labor expended in alining, surfacing, gauging, and shimming tracks; in tightening track bolts and track spikes; in restoring rails, ties, and ballast in case of washouts, derailments, and wrecks; and in taking up tracks.

(f) *Train service.* The cost of work-train service (except work trains distributing ballast material) in connection with work pertaining to track laying and surfacing.

(g) *Track changes.* The cost of track work (exclusive of the cost of track material) in taking up and relocating tracks.

(h) *Other expenses.* The cost of track laying and surfacing work not provided for elsewhere, and expenses, such as repairing and replacing rail rests, official track inspection train service, and premiums in connection with track repairs.

NOTE: Tools and supplies used by track repair men and watchmen shall be charged to account 271, "Small tools and supplies."

§ 10.221 *Fences, snowsheds, and signs.* This account shall include:

(a) *Fences.* The cost of repairing right-of-way fences and snow and sand fences, farm gates, cattle guards, wing fences, aprons, and hedges, excluding those around stockyards, fuel stations, station and shop grounds, and building sites.

(b) *Snowsheds.* The cost of repairing snowsheds, including cost of replacing trees for protecting tracks from snow.

(c) *Signs.* The cost of repairing signs other than those for identification of bridges, signals, stations, and other structures. (For items of signs see account 13, "Fences, snowsheds, and signs.")

NOTE A: The cost of repairing fences (other than right-of-way boundary fences) around stockyards, fuel and water stations, and other building sites, shall be charged to the accounts appropriate for the cost of repairs of the structures.

NOTE B: The cost of repairing signs for identifying bridges, signals, stations, and other structures shall be included in the account appropriate for the cost of repairs of the structures.

NOTE C: The cost of repairing crossing signals, including crossing gates, shall be included in account 249, "Signals and interlockers."

§ 10.227 *Station and office buildings.* This account shall include the cost of repairing station and office buildings, fixtures, and appurtenances (including those for heating and lighting), used by the carrier in its operations; also the cost of maintaining grounds appurtenant to such buildings.

STATION AND OFFICE STRUCTURES AND DETAILS

Baggage rooms.
Breakwaters for protection of buildings.
Buildings and rooms for trainmen.
Buildings on piers.
Call bells.
Coal bins.
Coal-transferring machinery (not on coal and ore wharves).
Coal trestles (not at fuel stations).
Commissarial buildings.
Drainage and sewer systems.
Dwellings.
Eating houses.
Electric wiring.
Elevators and machinery.
Express buildings.
Fences.
Fire-engine houses.
Freight cranes.
Freight derricks.
Freight handling machinery.
Freight houses.
Garages.
Gas-supply systems.
General office buildings.
Grain cribs.
Grain elevators.
Grain warehouses.
Greenhouses.
Hay houses.
Heating plants.
Hedges.
Hoisting engines, for handling freight.
Hose houses.
Ice houses.
Lighting plants.
Mail cranes.
Milk stands.
Office buildings.
Ore transferring machinery (not on coal and ore wharves).
Outhouses.
Pavement in ground limits.
Platforms, freight.
Platform, passenger, including planking between tracks.
Power distribution systems, interior.
Reading rooms.
Rooms for Y. M. C. A.
Scale houses.
Sidewalks.
Stables.
Station footbridges (not highway crossings).
Station intertrack fences.
Station platforms.
Station signs.
Station stairways.
Station subways (not highway crossings).
Station powerhouses.
Stations, freight.
Stations, passenger.
Stock pens.
Stockyards.
Storehouses.
Telegraph offices.
Telpher systems.
Track scales.

Transfer houses.
Transfer platforms.
Waiting rooms.
Warehouses.
Washrooms.
Water-supply systems.

NOTE: Incidental cleaning, including the cost of cleaning snow from roofs, when done by station or office employees, shall not be included in this account.

§ 10.229 *Roadway buildings.* This account shall include the cost of repairing roadway shops and other roadway buildings, including drainage, water, gas, and sewer pipes and their connections, machinery and other apparatus, fixtures, and furniture in the buildings; also the cost of maintaining the grounds appurtenant to such buildings.

LIST OF ROADWAY STRUCTURES

Bins for material.
Blacksmith shops.
Boarding houses.
Breakwaters for protection of buildings.
Carpenter shops.
Dwellings for roadway employees.
Fire-engine houses.
Frog shops used solely for repairs of track material.
Hand-car houses.
Lumber sheds.
Offices.
Outhouses.
Planing mills.
Rail shops used solely for repairs of track material.
Repair shops.
Scrap bins.
Section dwelling houses.
Stables.
Storehouses.
Tool houses.
Watch houses.

NOTE A: The cost of repairing signal and interlocker buildings and their appurtenances shall be included in account 249, "Signals and interlockers."

NOTE B: Incidental cleaning, including the cost of cleaning snow from roofs, when done by employees regularly working in the buildings, shall not be included in this account.

§ 10.231 *Water stations.* This account shall include the cost of repairing water stations, fixtures, and appurtenances used by the carrier in its operations, and the cost of maintaining the grounds appurtenant to such stations.

WATER STATION STRUCTURES AND DETAILS

Boilers.
Breakwaters for protection of buildings.
Buildings on piers.
Cisterns.
Dams.
Fences.
Outhouses.
Penstocks.
Pump houses.
Pumps.
Purifying plants.
Reservoirs.
Settling basins.
Stationary engines.
Steam pipes.
Tanks and foundations.
Track tanks.
Tubs.
Water cranes.
Water-pipe lines.
Water-treating plants.
Wells.
Windmills.

NOTE: Incidental cleaning, including the cost of cleaning snow from roofs, when done by water station employees, shall not be included in this account.

§ 10.233 *Fuel stations.* This account shall include the cost of repairing fuel stations, fixtures, and appurtenances used by the carrier in its operations, and the cost of maintaining the grounds appurtenant to such stations.

FUEL STATION STRUCTURES AND DETAILS

Breakwaters for protection of buildings.
Buckets.
Buildings on piers.
Coal buggies.
Coal hoists.
Coal pockets and chutes.
Dumping machinery
Elevating machinery
Fences.
Fuel houses.
Fuel-oil columns.
Fuel-oil plants.
Fuel-oil pumps.
Fuel-oil sumps.
Fuel-oil tanks.
Fuel platforms.
Fuel wharves.
Inclines.
Outhouses.
Scales.
Sheds.
Stationary engines.
Tipple cars.
Weighing apparatus.
Wood racks.

NOTE: Incidental cleaning, including the cost of cleaning snow from roofs, when done by fuel station employees, shall not be included in this account.

§ 10.235 *Shops and enginehouses.* This account shall include the cost of repairing shop and enginehouse buildings, fixtures, and appurtenances used by the carrier in repairing and preparing equipment, and the cost of maintaining the grounds appurtenant to such buildings.

SHOP AND ENGINEHOUSE STRUCTURES AND DETAILS

Air-compressor houses.
Ash pits and pockets.
Ash plants.
Bins for material.
Blacksmith shops.
Breakwaters for protection of buildings.
Buildings on piers.
Car sheds.
Car shops.
Carpenter shops.
Cinder pits.
Cinder pockets.
Drop pits.
Dry houses.
Electric power distribution systems within buildings.
Enginehouses.
Fire-engine houses.
Footbridges (not public highways).
Foundries.
Gas-compressor houses.
Heating plants.
Hose houses.
Ice houses.
Laboratories.
Lighting plants.
Lumber sheds.
Machine shops.
Material and supply truck tracks.
Motor-crane tracks.
Offices, shop.
Oil houses.
Outhouses.
Paint shops.
Pipe lines, air, interior.
Pipe lines, car-heating.
Pipe lines, gas interior.
Planing mills.
Platforms, shop and yard.
Repair shops.
Sand houses.
Scale houses.
Scrap bins.
Sidewalks.
Stables.
Steam distribution systems, interior.
Storehouses.
Tanks, gas.
Tanks, oil.
Test rooms.
Tin shops.
Tool houses.
Track scales.
Transfer tables.
Turntables.
Upholstering shops.
Warehouses.
Wash rooms.
Watch houses.

NOTE A: The cost of repairing machinery and other apparatus, including special foundations in shops for maintenance of equipment shall be included in account 302, "Shop machinery."

NOTE B: Incidental cleaning, including the cost of cleaning snow from roofs, when done by shop employees, shall not be included in this account.

§ 10.237 *Grain elevators.* This account shall include the cost of repairing structures for the transfer, treatment, and storage of grain, including conveyors, machinery and fixtures; also the cost of maintaining the grounds appurtenant to such buildings.

The buildings referred to in this account are large elevators in which a regular grain business is handled or grain is stored for various owners.

NOTE A: Small storage elevators at way stations, where the freight is received for shipment, etc., are classed as station buildings.

NOTE B: Incidental cleaning, including the cost of cleaning snow from roofs, when done by grain elevator employees shall not be included in this account.

§ 10.239 *Storage warehouses.* This account shall include the cost of repairing storage warehouses, including machinery and fixtures therein; also the cost of maintaining the grounds appurtenant to such warehouses.

The buildings referred to in this section are not the ordinary freight warehouses or stations where freight is received for shipment, etc., but are warehouses in which merchandise is stored and which the carrier operates as storage warehouses.

NOTE: Incidental cleaning, including the cost of cleaning snow from roofs, when done by storage warehouse employees, shall not be included in this account.

§ 10.241 *Wharves and docks.* This account shall include the cost of repairing wharves located at marine, lake, or river docks; dredging waterways to approaches and around such structures, including removal of dredged-out material; and cutting ice in and around docks and wharves to prevent damage; also cost of repairs of cribwork, racks, or caissons for preserving the depth of water in docks; and cost of repairs of guards, piling, and other protection against damage by drift or ice.

DETAILS OF WHARVES AND DOCKS

Bridge pontoons.
Bulkheads.
Caissons.
Cribwork.
Drydocks.
Ferry-bridge machinery.
Ferry bridges.
Ferry racks.
Ferry slips.
Jetties and inclines.
Transfer-bridge machinery.
Transfer bridges.

NOTE A: The cost of repairing buildings, tracks, and machinery (not bridge machinery) on wharves and piers shall be charged to the appropriate expense accounts.

NOTE B: The cost of repairing coal and ore wharves shall be charged to account 243, "Coal and ore wharves."

NOTE C: Incidental cleaning, when done by regular wharf employees, shall not be included in this account.

§ 10.243 *Coal and ore wharves.* This account shall include the cost of repairing wharves and docks, including the cost of repairing conveyors, machinery, and fixtures for the transfer, treatment, blending, or storage of coal or ore.

NOTE A: The structures referred to in this account do not include small transfer or storage trestles at stations where coal is stored or delivered, such trestles being classed as station buildings.

NOTE B: Incidental cleaning, including the cost of cleaning snow from roofs, when done by coal and ore wharf employees, shall not be included in this account.

§ 10.247 *Communication systems.* This account shall include the cost of repairing telegraph, telephone, radio, radar, inductive train communication, and other communication systems, including terminal equipment.

DETAILS OF TELEGRAPH AND TELEPHONE TERMINAL EQUIPMENT

Batteries.
Cables and wires, interior.

Carrier terminating equipment.
Conduits, interior.
Connecting wires.
Current-controlling instruments.
Electric generators and motors.
Electric meters.
Engines, stationary.
Fuses and mechanical protectors.
Rectifiers.
Rheostats.
Sending and receiving instruments.
Switchboards.
Telegraph repeaters.
Telephone repeaters.
Teletypewriters.
Testing outfits.
Transformers.

DETAILS OF TELEGRAPH AND TELEPHONE OUTSIDE PLANT

Aerial attachments.
Braces.
Brackets.
Cable boxes and appurtenances.
Cables and wires, aerial.
Conduits and appurtenances.
Cross arms.
Gas and associated facilities for cables.
Guy stubs.
Guy wires.
Insulators.
Load coils.
Poles.
Submarine cables and connections.
Telephone pole boxes.
Towers.
Underground cables and connections.

DETAILS OF RADIO, RADAR, AND INDUCTIVE TRAIN COMMUNICATION EQUIPMENT

Aerials or antenna, and attachments.
Buildings or towers used exclusively for wireless.
Control units.
Power generating, converting, or supply equipment.
Radar console and associated equipment.
Roadside or office equipment for all wireless systems operated on special channels between train and train, train and tower or office, or between ship and shore.
Specialized testing and repair equipment.
Transmitters and receivers, including mobile units.

NOTE A: Repairs of radio, radar, or trainphone equipment (except portable apparatus) which is permanently attached to locomotives, cars, work equipment, or other rolling stock or floating equipment shall be included in the same account as repairs of the equipment on which installed. Repairs of wireless sets for instructions, advertising, or entertainment shall be included in the same account as repairs of the building in which located.

NOTE B: Repairs of communications systems of limited extent, not connected with other systems, used for special purposes and usually installed within a single building, group of buildings, or within the limits of a station or shop layout or yard, shall be included in the same account as repairs of the building in which located or in the account appropriate for the service with which associated.

NOTE C: The pay, rent, other office expenses, and traveling expenses of officers, their clerks and attendants, who supervise, or are engaged both in maintenance and operation, shall be apportioned equally between this account and account 407, "Communication system operation."

ITEMS

Buzzers, bells, dictaphones, or other interoffice communication systems in an office or group of buildings.
Loud speakers, bells, or whistles in shop and other yards.
Loud speakers, public address devices, press button control lights, telautograph, or other systems in stations or on platforms.
Whistles, klaxons, or horns operated from signal towers.

§ 10.249 *Signals and interlockers.* This account shall include the cost of repairing signals and interlockers governing the movements of locomotives and trains, and for the protection of traffic at crossings, including towers and other buildings, furniture, fixtures, and machinery in connection therewith; also the cost of repairing buildings and machinery of power plants used primarily for the production of power for the operation of signals and interlockers.

For list of items see account 27, "Signals and interlockers."

NOTE A: The pay and expenses of employees engaged both in maintaining and operating signals and interlockers shall be apportioned equitably between this account and account 404, "Signal and interlocker operation."

NOTE B: When signal or interlocking apparatus is located in station buildings, only the cost of repairing the signal or interlocking apparatus shall be charged to this account. The cost of repairing the building shall be included in account 227, "Station and office buildings."

NOTE C: The cost of repairs of track material such as special rail braces, special rods, switches, special track fastenings, split rails, derails, derail stands, and frogs, used in connection with interlockers shall be included in account 216, "Other track material."

NOTE D: When derails are arranged so as to be thrown from switch stands, the cost of labor expended for repairs of the connections between the switch stands and the derail and devices for throwing the derail, shall be included in account 220, "Track laying and surfacing."

NOTE E: The salaries, office expenses, and traveling expenses of supervisors or inspectors when engaged in maintaining both telegraph and telephone lines and signals and interlockers shall be equitably apportioned between this account and account 247, "Communication systems."

§ 10.253 *Power plants.* This account shall include the cost of repairing power-plant and substation buildings, including all foundations other than those special to particular machines and apparatus; and also dams, canals, pipe lines, and accessories devoted to the utilization of water for power. Gas and sewer pipes and their connections, fixtures (including wiring) for lighting and heating, and miscellaneous fixtures, shall be considered as a part of the power-plant buildings.

The power-plant buildings here referred to are those in which power is produced for the operation of trains and cars and for general purposes.

For list of items see road and equipment account 29, "Power plants."

NOTE A: The cost of repairing power-plant machinery, including small stacks resting on boilers, and special foundations for machines, shall be included in account 304, "Power-plant machinery."

NOTE B: The cost of repairng the buildings and the power machinery and other apparatus of plants used primarily for operating signals and interlockers shall be included in account 249, "Signals and interlockers."

§ 10.257 *Power-transmission systems.* This account shall include the cost of repairing systems for conveying electricity, steam, and compressed air from producing plants to place or building where used; including the cost of conduits and poles, cross arms, insulator pins, brackets and other pole fixtures, used in repairs, and of repairing other structures for power-transmission and distribution systems, including those for electric railway operation, and lighting systems for general lighting purposes.

For list of items see account 31, "Power-transmission systems."

NOTE A: The cost of repairing the portions of distribution systems located within shop buildings and station and office buildings shall be included in the accounts provided for the cost of maintaining the buildings. The cost of repairing distribution systems in plants used primarily for operating signals and interlockers shall be included in account 249. "Signals and interlockers."

NOTE B: The cost of repairing conduits and poles and fixtures for telegraph and telephone lines shall be included in account 247, "Communication systems." If poles and conduits are used both for telegraph and telephone lines, and for power-distribution lines, the cost of repairs thereof shall be included in the account appropriate according to their predominant use.

§ 10.265 *Miscellaneous structures.* This account shall include the cost of repairing permanent structures, not provided for elsewhere, including the cost of repairing all furniture and fixtures to equip them for use. It shall also include the cost of maintenance of the grounds appurtenant to such structures.

NOTE A: When separable the cost of maintaining structures which are rented to other companies or individuals shall be charged to the income account in which is included the rent received for use of the structures.

NOTE B: Incidental cleaning, including the cost of cleaning snow from roofs, when done by employees regularly working in miscellaneous buildings, shall not be included in this account.

§ 10.266 *Road property; depreciation.* This account shall include the amount of depreciation charges applicable to the accounting period for all classes of depreciable road property listed in paragraph (g) of § 10.04-8 *Depreciation accounting; road property,* with the exception of shop machinery and power-plant machinery.

NOTE: Depreciation charges applicable to shop machinery and power-plant machinery shall be included in account 305, "Shop and power-plant machinery—Depreciation."

§ 10.267 *Retirements; road.* This account shall include charges for the service value (ledger value less value of salvage) of nondepreciable road property retired, excluding rail, ties, and other track material, and ballast used in repairs, as defined in this classification. This account shall also include the proportion of the service value of nondepreciable and depreciable road property retired carried in account 743, "Other deferred charges," which by specific authority of the Commission shall be charged to current operating expenses.

When road property previously subject to amortization accounting under section 124, "Amortization deductions," of the Internal Revenue Code is retired, the difference between the service value (ledger value less value of salvage and insurance recovered) thereof, and the balance in account 736, "Amortization of defense projects—Road and equipment," with respect to the specific facility retired, after appropriate adjustment for any

depreciation accrued thereon, shall be included in this account.

This account shall also be charged with such amounts as are concurrently credited to accounts 72 to 77, inclusive, in accounting for the retirement of road property.

NOTE: The cost of dismantling or demolishing the property, if borne by the carrier, shall be charged to account 270, "Dismantling retired road property," or account 306, "Dismantling retired shop, and power-plant machinery," as may be appropriate.

§ 10.269 *Roadway machines.* This account shall include the cost of repairing roadway machines which are used for the repairs of roadway and structures.

LIST OF ROADWAY MACHINES

Boilers, portable.
Cars, hand.
Cars, lever.
Cars, motor inspection.
Cars, push.
Cars (small), crane, for supply yards and general use.
Concrete mixers.
Ditching machines.
Dredging machines.
Engines, portable.
Grading outfits.
Hydraulic outfits.
Jacks, hydraulic.
Log loaders.
Pile drivers.
Plows, unloading.
Rail unloaders.
Rock crushers.
Steam rollers.
Timber trucks.
Velocipedes.

NOTE A: The cost of repairing machines in the maintenance of equipment shops shall be included in account 302, "Shop machinery," as provided for therein.

NOTE B: The cost of repairing roadway machines, such as pile drivers, log loaders, hoisting engines, and concrete mixers, when permanently mounted for movement on carrier's tracks, shall be included in account 326, "Work equipment—Repairs."

§ 10.270 *Dismantling retired road property.* This account shall include the cost of dismantling retired road property and recovering the salvage therefrom with the exception of track material recovered in connection with repairs of tracks as provided for in account 220, "Track laying and surfacing," and shop and power-plant machinery.

NOTE: The cost of removing, gathering up, and disposing of track material in connection with repairs of tracks is includible in account 220, "Track laying and surfacing," and of shop and power-plant machinery in account 306, "Dismantling retired shop and power-plant machinery."

§ 10.271 *Small tools and supplies.* This account shall include:

(a) *Roadway and track tools.* The cost of roadway tools (except special tools provided for elsewhere), including the cost of repairing such tools.

LIST OF ROADWAY AND TRACK TOOLS

Adzes.
Anvils.
Augers.
Axes.
Ballast forks.
Bars, claw.
Bars, crow.
Bars, lining.
Bars, pinch.
Bars, raising.
Bars, tamping.
Braces and bits.
Brooms.
Brush hooks.
Cable stretchers.
Cables.
Cans, oil.
Cans, water.
Cant hooks.
Chains.
Chisels, track.
Chisels, wood.
Curbing hooks.
Dippers.
Drawing knives.
Drill bits.
Drills (portable).
Flags, signal.
Furnaces (portable).
Grindstones.
Hammers, napping.
Hammers, paving.
Hammers, spiking.
Handles for tools.
Hatchets.
Hoes.
Jack levers.
Jacks, ratchet.
Jacks, screw.
Jacks, track.
Kegs, water.
Ladders.
Lanterns and fixtures.
Lawn mowers.
Levels.
Lines for ditching.
Nippers.
Oilstones.
Padlocks.
Pails, water.
Paint brushes.
Picks, clay.
Picks, tamping.
Pike poles.
Post-hole diggers.
Post-hole tampers.
Punches.
Rail benders.
Rail tongs.
Rakes.
Rope.
Saws, crosscut.
Saws, hand.
Scrap boxes.
Scythes.
Shovels.
Sickles.
Sledges.
Spades.
Spike mauls.
Spike pullers.
Spot boards.
Squares.
Straightening machines.
Tape lines.
Thermometers for laying rail.
Tongs.
Tool boxes.
Torches.
Track gauges.
Track levels.
Vises.
Weed spuds.
Wheelbarrows.
Whetstones.
Wood mallets.
Wrenches, monkey.
Wrenches, track.

(b) *Roadway and track supplies.* The cost of supplies consumed in connection with the operation of roadway machines while used in repairs of roadway and tracks; and cost of supplies used by trackwalkers, track watchmen, and roadway and track repair men.

ITEMS OF ROADWAY SUPPLIES

Alcohol for hydraulic jacks.
Fuel for heating tool and other section houses.
Fuel for portable forges used in roadway and track work.
Gasoline for motor cars.
Oatmeal and ice for drinking water used by roadway and track repair men.
Oil and waste for hand cars, lever cars, motor inspection cars, and push cars.
Oil and wicks for lanterns used by trackwalkers, track watchmen, and roadway and track repair men.
Oil and wicks for lighting tool and other section houses.
Torpedoes used by trackwalkers, track watchmen, and roadway and track repair men.
Water for section houses.

§ 10.272 *Removing snow, ice, and sand.* This account shall include the cost of keeping track and roadway clear of snow, ice, and sand.

It shall include cost of preventing accumulation, such as the cost of distributing, setting up, inspecting, taking down, and regathering portable snow and sand fences; and cost of tools furnished for the purpose; also cost of storing fences.

It shall include cost of removing accumulations of snow, ice, and sand, cost of snow-plow and flanger service, and of work-train service; cost of applying and removing flangers from locomotives and cars, and of slatting pilots; cost of salt to keep switches clear; and cost of meals and lodging for men employed in removal service.

§ 10.273 *Public improvements; maintenance.* (a) This account shall include the portion borne by the carrier of the expense of maintenance of public improvements, whether done by public authority or by the carrier's employees under governmental requirement.

(b) By public improvements are meant improvements for public benefit such as curbing, grading, guttering, and paving of streets, overhead highway bridges, including approaches; drainage, sewer, irrigation, and water systems; flood protection, parks, sidewalks, etc.

For list of items see account 39, "Public improvements—Construction."

NOTE A: The expense of repairing paving within the grounds of buildings or other structures shall be charged to the accounts provided for repairs of the structures.

NOTE B: Assessments for maintaining public improvements included in the general tax levy for a regular taxing district shall be charged to the appropriate tax account in income.

NOTE C: Interest and penalties, based on monthly or annual percentage rates, for failure to pay assessments within the allotted time shall be included in account 547, "Interest on unfunded debt."

§ 10.274 *Injuries to persons.* This account shall include expenses on account of injuries to persons which occur directly in connection with the maintenance of way and structures, including injuries occurring in connection with the operation of work trains in such service, and injuries caused by defective highways within the right of way.

It shall also include expenses on account of injuries to employees incurred while demolishing structures, the maintenance of which would be chargeable to maintenance of way and structures; services of employees and others called in consultation in connection with claim adjustments; pay and expenses of employees while engaged as witnesses at inquests and lawsuits; and a suitable proportion of donations made to hospitals.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

ITEMS OF EXPENSE

Artificial limbs.
Carriage fees.
Claim adjusters' and clerks' services.
Claim adjusters' office expenses.
Compensation for injuries or death.
Final judgments, including plaintiffs' court costs.
Funeral expenses.
Hospital attendance.
Medical and surgical services.
Medical and surgical supplies.
Notarial fees.
Nursing.
Railway transportation.
Undertakers' services.
Undertakers' supplies.
Witnesses' fees and expenses at inquests and lawsuits.

NOTE A: Expenses incident to personal injury suits, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE B: Amounts donated by a carrier to hospitals shall be distributed, 25 percent to account 274, "Injuries to persons"; 25 percent to account 332, "Injuries to persons"; and 50 percent to account 420, "Injuries to persons."

NOTE C: The pay, office rent, office expenses, and other expenses of claim adjusters, claim clerks and others in charge of or engaged in connection with claim cases, when not assignable to a distinct class of claims, shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged.

§ 10.275 *Insurance.* This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss through injuries to persons

or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to maintenance of way and structures; also premiums on fidelity bonds of employees whose pay is chargeable to maintenance of way and structures. (See § 10.04-18 *Insurance.*)

NOTE: The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account shall be charged the amounts of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies, and to it shall be credited all amounts recovered from insurance companies in reimbursement for losses under such reinsurance.

§ 10.276 *Stationery and printing.* This account shall include the cost of stationery and printing used in connection with maintenance of way and structures.

STATIONERY AND PRINTING ITEMS

Adding machines.
Addressographs and supplies.
Arm rests.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cross-section books.
Cross-section paper.
Cyclostyles.
Dating stamps and ribbons.
Dictaphones.
Dictographs.
Drawing paper.
Duplicators.
Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes, paper.
Forms, blank and printed.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Profile books and paper.
Punches (not conductors' or baggagemen's).
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Telegraph blanks.
Tissue (impression) paper.
Tracing cloth.
Tracing paper.
Twine.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Water colors.
Water holders.
Wrapping paper.
Wringers for copying presses.

NOTE: The cost of dictionaries, periodicals, technical books, etc., shall be included in the appropriate superintendence accounts.

§ 10.277 *Other expenses.* This account shall include all expenses in connection with maintenance of way and structures not provided for elsewhere.

ITEMS OF EXPENSE

Pay and expenses of maintenance of way employees attending conferences with officers in connection with wage disputes.
Fees paid arbitrators in wage disputes with maintenance of way employees.
Payments to maintenance of way employees for time absent on account of sickness, when not compensation for personal injuries.
Gratuities paid to persons for discovering defective rails, etc.

§ 10.278 *Maintaining joint tracks, yards, and other facilities—Dr.* This account shall include the carrier's proportion of the costs incurred by others in maintaining joint tracks, yards, terminals, and other facilities.

NOTE: The purpose of this account is to show the amounts accruing against the carrier for its proportion of the cost of maintaining tracks, yards, and other roadway and structure facilities maintained by others and in the joint use of which the carrier participates. (See § 10.04-9 *Joint facility accounts.*)

§ 10.279 *Maintaining joint tracks, yards, and other facilities—Cr.* This account shall include amounts chargeable to others as their proportions of the cost incurred by the carrier in maintaining joint tracks, yards, terminals, and other facilities.

NOTE: The purpose of this account is to show the amounts accruing in favor of the carrier and against others for their proportions of the cost of maintaining tracks, yards, and other roadway and structure facilities maintained by the carrier and in the joint use of which others participate. (See § 10.04-9 *Joint facility accounts.*)

§ 10.280 *Equalization; way and structures.* This account shall include adjustments of the differences between the actual and the budgeted or authorized maintenance of way and structures expenses. The amounts included in this account shall concurrently be debited or credited to account 773, "Equalization reserves."

§ 10.281 *Right-of-way expenses.* This account shall include the cost to the carrier of maintaining structures owned by or exclusively used by others, such costs having been assumed by the carrier in order to acquire or to secure a less restricted use of its right of way.

The structures here referred to are those such as bridges above the carrier's tracks, tunnels, and roadways under the carrier's tracks.

NOTE: The cost of maintaining public improvements is includible in account 273, "Public improvements—Maintenance."

Maintenance of Equipment

§ 10.300 *Maintenance of equipment.* The primary accounts included in this general account are designed to show the expenses of maintaining the carrier's equipment and the carrier's expense for the repairs of other equipment used in its operations, also the cost of maintaining road property classified as shop and power plant machinery. The repair accounts shall include foreign roads' freight charges for transporting the carrier's equipment to shops for repairs and for transporting such equipment to the carrier's line after repairs have been made. No charge shall be made to these accounts for transporting equipment in the carrier's transportation service trains to shops for repairs or from shops after repairs have been made.

The accounts for maintenance of equipment shall be kept in such manner as to show separately, by primary accounts, the expenses directly assignable to sleeping car operations, dining and buffet service, producing power sold, and other miscellaneous operations.

§ 10.301 *Superintendence.* This account shall include:

(a) *Pay of officers.* The pay of officers directly in charge of or engaged in the maintenance of equipment.

LIST OF OFFICERS

Vice president.
Assistant vice president.
General superintendent of motive power.
Assistant general superintendent of motive power.
Mechanical superintendent.
Superintendent of motive power.
Assistant superintendent of motive power.
Mechanical engineer.
Assistant mechanical engineer.
Chief chemist.
General equipment inspector.
Engineer of tests.
Supervisor of car department.
Electrical engineer.
Assistant electrical engineer.
Chemist and assistant chemist.
Master car builder.
Master mechanic.
General foreman.
Chief car inspector.
Inspector of passenger-train cars.
General car inspector.
Traveling boiler inspector.

(b) *Pay of clerks and attendants.* The pay of clerks and other employees in the offices and on business cars of officers whose pay is chargeable to this account.

LIST OF EMPLOYEES

Chief motive power clerks.
Chief clerks.
Draftsmen.
Stenographers.
Motive power clerks.
Shop clerks.
Messengers.
Cooks.
Porters.

(c) *Office and other expenses.* Office expenses and other expenses of officers and employees whose pay is chargeable to this account, and amounts paid to detective agencies and others for investigations in connection with repairs of equipment.

ITEMS OF EXPENSES AND SUPPLIES

Atlases and maps.
Barometers.
Books for office use.
Business car service.
Drafting instruments.
Drafting supplies.
Engineering supplies.
Fees and dues in technical associations.
Furniture repairs and renewals.
Heating.
Lighting.
Official train service.
Periodicals and newspapers.
Power.
Provisions for business cars.

Rent of offices.
Repair of rented offices.
Telegraph service.
Telephone service.
Traveling expenses.
Water and ice.

NOTE A: When employees designated above are specifically assigned to construction work, their pay and expenses while thus employed, shall be charged to the work upon which engaged.

NOTE B: When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE C: The cost of stationery purchased for maintenance of equipment offices is chargeable to account 334, "Stationery and printing."

NOTE D: The pay of general foremen in small shops, who exercise direct supervision over all departments, unassisted by departmental foremen, shall be apportioned through clearing account "Shop expenses."

§ 10.302 *Shop machinery.* This account shall include the cost of repairing machinery and other apparatus, including special foundations, in shops and enginehouses.

LIST OF SHOP MACHINERY

Air compressors.
Ash conveyors.
Belting.
Blowers.
Boilers for furnishing power.
Boring machines.
Cars, small motor.
Cars, push.
Cranes.
Drill presses.
Drilling machines.
Drop tables.
Forges.
Framing machines.
Furnaces.
Grinding and polishing machines.
Hoists.
Hydraulic jacks.
Lathes.
Lifting magnets.
Metal chimneys.
Milling machines.
Motors.
Pipe cutting and threading machines.
Planers.
Pneumatic hammers.
Power machinery, where no distinct power plant is provided.
Punches.
Riveters.
Saws.
Shafting.
Shapers.
Slotters.
Stationary engines.
Steam hammers.
Vises.
Welding machines.
Woodworking machines.

NOTE A: The cost of repairing power plant machinery for shop power when located in distinct buildings shall be included in account 304, "Power plant machinery."

NOTE B: The cost of repairing boilers used exclusively for heating shall be included in the appropriate repair accounts for buildings.

NOTE C: The cost of small tools which are soon worn out, when used by mechanics on miscellaneous work, shall be included in clearing account "Shop expenses," and when used on repairs of equipment shall be included in the appropriate accounts for repairs of equipment.

NOTE D: The cost of repairing machinery and tools in shops used exclusively for maintenance of way and structures shall be included in account 229, "Roadway buildings."

§ 10.304 *Power-plant machinery.* This account shall include the cost of repairing machinery and other apparatus including special foundations in power plants and substations for generating and transforming power used for the operation of trains and cars or to furnish power, heat, and light for general purposes.

For list of items see account 45, "Power-plant machinery."

NOTE A: The cost of repairing power-machinery and apparatus in shop power plants shall be included in account 302, "Shop machinery."

NOTE B: The cost of repairing power-machinery and apparatus in stations and offices used primarily for station and office purposes shall be included in account 227, "Station and office buildings."

NOTE C: The cost of repairing power-machinery and apparatus in plants used primarily for operating signals and interlockers shall be included in account 249, "Signals and interlockers."

NOTE D: The cost of repairing foundations, other than those special to particular machines and other apparatus, shall be included in cost of repairing the building and not in this account.

NOTE E: The cost of repairing machinery in distinct plants for furnishing power both for carrier purposes and for sale shall be included in this account. When plants are used solely for generating power for sale the cost of repairs shall be included in account 534, "Expenses of miscellaneous operations."

§ 10.305 *Shop and power-plant machinery; depreciation.* This account shall include the amount of depreciation charges applicable to the accounting period for all classes of property the cost of which is includible in accounts 44, "Shop machinery" and 45, "Power-plant machinery."

§ 10.306 *Dismantling retired shop and power-plant machinery.* This account shall include the cost of dismantling retired shop and power-plant machinery and recovering the salvage therefrom.

§ 10.308 *Steam locomotives; repairs.* This account shall include the cost of repairing transportation service steam locomotives and tenders, including all appurtenances, and the cost of small hand tools used in repair work.

This account shall also include the cost of work-train service for the transportation of locomotives without steam to shops for repairs, including the pay and expenses of caretakers, and the pay and expenses of caretakers of locomotives without steam which are hauled in transportation service trains to shops for repairs; also notarial fees in connection with reports on conditions of locomotives.

LIST OF APPURTENANCES TO LOCOMOTIVES

Air-brake equipment and hose.
Arm rests.
Awnings.
Brake fixtures.
Cab cushions.
Cab lamps.
Clocks.
Coal boards.
Fire extinguishing apparatus.
Gongs.
Head lamps.
Packing (except for lubricating).
Pneumatic sanding equipment.
Seat boxes.
Speed recorders.
Steam-gauge lamps.
Steam-heat equipment and hose.
Storm doors.
Tool boxes.
Train-signal equipment and hose.

NOTE A: The cost of inspecting smokestacks and ash pans of locomotives in service shall be included in the appropriate enginehouse expense accounts.

NOTE B: The cost of repairing steam locomotives and tenders of foreign lines, waybilled as freight, and damaged in transit shall be charged to account 418, "Loss and damage—Freight"; and the cost of repairing steam locomotives and tenders of foreign lines having trackage rights over the carrier's line, damaged by collision, wreck, or other cause, for which the carrier is liable, shall be charged to account 416, "Damage to property."

NOTE C: The cost of running locomotives under steam to shops for repairs in connection with transportation service shall be included in the cost of the service in connection with which the movement occurs.

NOTE D: The cost of repairing steam locomotives used solely in work service in connection with operations shall be included in account 326, "Work equipment—Repairs." The cost of repairing locomotives on account of construction work shall be included in the cost of the work.

§ 10.311 *Other locomotives; repairs.* This account shall include the cost of repairs of transportation service locomotives other than steam locomotives, analogous to those set forth for steam locomotives in account 308, "Steam locomotives—Repairs."

§ 10.314 *Freight-train cars; repairs.* This account shall include the cost of repairing freight-train cars and appurtenances, and the cost of repairing motor equipment affixed to freight-train cars engaged in transportation service; also cost of small hand tools used in repairs. This account shall also include the net loss sustained on account of the destruction of foreign freight cars in the carrier's transportation service and amounts paid to others for repairs of freight cars for which the carrier is liable.

LIST OF FREIGHT-TRAIN CARS

Ballast (commercial).
Beer.
Box.
Cabin.
Caboose.
Charcoal.
Coal.
Coke.
Dump (commercial)
Flat.
Fruit.
Furniture.
Gondola.
Gondola (hopper).
Gondola (long).
Gun truck.
Hay.
Lime.
Logging.
Oil tank.
Ore.
Platform.
Poling.
Poultry.
Produce.
Rack.
Refrigerator.
Stock.
Tank (in commercial service).
Water (in commercial service).
Work (in commercial service).

LIST OF APPURTENANCES TO FREIGHT-TRAIN CARS

Air-brake equipment, including hose.
Cooking equipment and utensils.
Cushions.
Heating equipment.
Ice boxes.
Lamps and fixtures.
Seats.
Speed recorders.
Train-signal equipment, including hose.
Water tanks.

NOTE A. The cost of candles, wicks, lamp chimneys, globes, and shades for oil or other lamps in freight-train cars shall be charged to account 402, "Train supplies and expenses."

NOTE B. The cost of repairing freight-train cars of foreign lines waybilled as freight and damaged in transit shall be charged to account 418, "Loss and damage—Freight"; and the cost of repairing freight-train cars of foreign lines having trackage rights over the carrier's line, when damaged by collision, wreck, or other cause, for which the carrier is liable, shall be charged to account 416, "Damage to property."

§ 10.317 *Passenger-train cars; repairs.* This account shall include the cost of repairing passenger-train cars and appurtenances and the cost of re-

pairing motor equipment affixed to passenger-train cars used in transportation service; small hand tools used in repairs; the net loss sustained on account of the destruction of foreign passenger-train cars in the carrier's transportation service, and amounts paid others for repairs of passenger-train cars for which the carrier is liable.

LIST OF PASSENGER-TRAIN CARS

Baggage.
Baggage-express.
Baggage-mail.
Baggage - mail - express.
Buffet.
Café.
Chair.
Club.
Colonist.
Combination passenger and baggage.
Dining.
Express.
Immigrant.
Library.
Mail.
Milk.
Observation.
Parlor.
Parlor-baggage.
Passenger.
Passenger-baggage.
Passenger - baggage-mail.
Postal.
Refrigerator-express.
Sleeping.
Smoking.
Tourist.

LIST OF APPURTENANCES TO PASSENGER-TRAIN CARS

Air-brake equipment, including hose.
Bedding.
Chairs.
Coat hooks.
Curtains and fixtures.
Cushions.
Electric bells.
Floor coverings.
Heating equipment and steam-heat hose.
Ice boxes.
Ice tanks.
Kitchen equipment and utensils.
Lighting equipment.
Mail catchers.
Parcel racks.
Ranges and boilers.
Seats.
Speed recorders.
Steam heat hose.
Table china.
Table glassware.
Table linen.
Table silver.
Toilet equipment.
Train-signal equipment, including hose.
Water tanks.

NOTE A: The cost of candles, wicks, and lamp chimneys, and of globes and shades for electric and other lights in passenger-train cars shall be charged to account 402, "Train supplies and expenses."

NOTE B: The cost of repairing passenger-train cars of foreign lines, which are waybilled as freight and have been damaged in transit, shall be charged to account 418, "Loss and damage—Freight," and the cost of repairing passenger-train cars of foreign lines having trackage rights over the carrier's line, when damaged by collision, wreck, or otherwise, for which the carrier is liable, shall be charged to account 416, "Damage to property."

§ 10.323 *Floating equipment; repairs.* This account shall include the cost of repairing floating equipment (other than work equipment), including appurtenances, and cost of small hand tools used in repairs.

The pay and expenses of captains and engineers and of boat employees, while engaged on maintenance of floating equipment, shall be included in this account.

LIST OF FLOATING EQUIPMENT

Barges.
Canal boats.
Car and other floats.
Ferryboats.
Lighters.
Power launches.
Power lighters.
Scows.
Steamboats.
Steamships.
Transfer boats.
Tugboats.

LIST OF APPURTENANCES, TOOL EQUIPMENT, AND FURNITURE

Anchors.
Axes.
Barometers.
Beds and bedding.
Binnacle lamps.
Blocks and tackle.
Boilers and foundations.
Cables.
Capstan bars.
Carpets.
Charts.
China, crockery, and glassware.
Chronometers.
Clocks.
Compasses.
Counters.
Desks.
Engines and foundations.
Fire buckets.
Fire extinguishers.
Floor coverings.
Flue cleaners.
Furniture.
Gangplanks.
Hatchets.
Heating equipment.
Hoisting equipment.
Hooks.
Keys.
Kitchen equipment.
Life preservers.
Lighting equipment.
Linen.
Lines.
Logs.
Machinery and foundations.
Masts.
Office furniture.
Oil cans.
Pianos and other musical instruments.
Pumps.
Racks.
Railings.
Rakes.
Rigging.
Safes.
Sails.
Scales.
Seats, chairs, and cushions.
Shovels.
Slice bars and pokers.
Spyglasses.
Steam distribution systems.
Steering equipment
Telescopes.
Ticket cases.
Tool boxes.
Tools, miscellaneous.
Tracks on car floats.
Ventilating equipment.
Wrenches.

§ 10.326 *Work equipment; repairs.* This account shall include the cost of repairing rail and floating work equipment, including appurtenances, and cost of small hand tools used in repairs.

The cost of fitting up commercial cars for work service in connection with maintenance and operation; the cost of refitting them for commercial service; the cost of repairs to locomotives while in service for repairs of road and equipment; and the cost of repairs to foreign cars damaged while in such service shall be included in this account; also amounts paid in settlement for such cars destroyed in such service.

LIST OF WORK EQUIPMENT—RAIL

Air-brake instruction cars.
Ballast cars.
Ballast unloader cars.
Boarding cars.
Bridge cars.
Business cars.
Camp cars.
Cinder cars.
Concrete mixers (mounted).
Derrick cars.
Dirt spreaders (mounted).
Ditching cars.
Dump cars.
Dynamometer cars.
Gas-tank cars.
Grading cars.
Gravel cars.
Indicator cars.
Locomotive tanks used as water cars.
Locomotives.
Officers' cars.
Outfit cars.
Painters' cars.
Pay cars.
Pile drivers (mounted).
Rail saws (mounted).
Salt cars.
Sanding cars.
Scale test cars.
Scraper cars.
Snow dozers.
Snow drags.
Snow plows (not attached to but moved by locomotives).
Sprinkling cars.
Steam shovels.
Steam wrecking derricks.
Supply cars.
Sweeper cars.
Tool and block cars.
Tool cars.
Water cars.
Weed burners (mounted).
Wrecking cars.

APPURTENANCES TO WORK EQUIPMENT—RAIL

Air-brake equipment.
Beds and bedding.
Blocking.
Blocks and tackle.
Boilers on cars.
Bunks, seats, and chairs.
Chains.
China, crockery, and glassware.
Cushions.
Engines on cars.
Flue cleaners.
Hatchets.
Heating equipment.
Hooks.
Jacks.
Kitchen utensils.
Lighting equipment.
Linen.
Lines.
Machinery on cars.
Oil cans.
Rakes.
Ranges.
Shovels.
Slice bars and pokers.
Tool boxes.
Tools, miscellaneous.
Train-signal equipment.
Wrecking trucks.
Wrenches.

LIST OF WORK EQUIPMENT—FLOATING

Derricks.
Dredges.
Pile drivers.

APPURTENANCES TO WORK EQUIPMENT—FLOATING

Anchors.
Axes.
Barometers.
Beds and bedding.
Blocks and tackle.
Boilers and foundations.
Cables.
China, crockery, and glassware.
Compasses.
Cushions.
Desks.
Engines and foundations.
Fire extinguishers.
Fire buckets.
Floor coverings.
Flue cleaners.
Gangplanks.
Hatchets.
Heating equipment.
Hoisting equipment.
Hooks.
Keys.
Life preservers.
Lighting equipment.
Linen.
Lines.
Machinery and foundations.
Masts.
Oil cans.
Pumps.
Rakes.
Rigging.
Sails.
Seats and chairs.
Shovels.
Slice bars and pokers.
Steam distribution systems.
Steering equipment.
Tool boxes.
Tools, miscellaneous.
Wrenches.

NOTE: The cost of repairs to work equipment on account of construction work shall be included in the cost of the construction work on which it is used.

§ 10.328 *Miscellaneous equipment; repairs.* This account shall include the cost of repairing miscellaneous equipment, such as wagons, automobiles, and other highway vehicles, and harness.

§ 10.329 *Dismantling retired equipment.* This account shall include the cost of tearing down retired equipment and recovering the salvage therefrom.

§ 10.330 *Retirements; equipment.* This account shall include the proportion of the service value of equipment retired carried in account 743, "Other deferred charges," which by specific authority of this Commission shall be charged to operating expenses in the period. (See paragraph (f) of § 10.04–24 *Depreciation accounting; equipment.*)

When equipment previously subject to amortization accounting under section 124, "Amortization deductions," of the Internal Revenue Code is retired, the difference between the service value (ledger value less value of salvage and insurance recovered) thereof and the balance in account 736, "Amortization of defense projects—Road and equipment," with respect to the specific equipment retired, after appropriate adjustment for any depreciation accrued thereon, shall be included in this account.

This account shall also be charged with such amounts as are concurrently credited to accounts 72 to 77, inclusive, in accounting for the retirement of equipment.

§ 10.331 *Equipment; depreciation.* This account shall include the amount of depreciation charges applicable to the accounting period for all classes of equipment the ledger value of which is in-

cludible in accounts 51 to 54 and 56 to 58, all inclusive.

§ 10.332 *Injuries to persons.* This account shall include expenses on account of injuries to persons which occur directly in connection with repairs of equipment.

Services of employees and others called in consultation in relation to claim adjustments, pay and expenses of employees while engaged as witnesses at inquests and lawsuits, and a suitable proportion of donations made to hospitals shall be included in this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

ITEMS OF EXPENSE

Artificial limbs.
Carriage fees.
Claim adjusters' and clerks' services.
Claim adjusters' office expenses.
Compensation for injuries or death.
Final judgments, including plaintiffs' court costs.
Funeral expenses.
Hospital attendance.
Medical and surgical services.
Medical and surgical supplies.
Notarial fees.
Nursing.
Railway transportation.
Undertakers' services.
Undertakers' supplies.
Witnesses' fees and expenses at inquests and lawsuits.

NOTE A: Expenses incident to personal injury suits, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE B: Amounts donated by a carrier to hospitals shall be distributed, 25 percent to account 274, "Injuries to persons"; 25 percent to account 332, "Injuries to persons"; and 50 percent to account 420, "Injuries to persons."

NOTE C: The pay, office rent, and office and other expenses of claim adjusters, claim clerks, and others in charge of or engaged in connection with claim cases, when not assignable to a distinct class of claims, shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged.

§ 10.333 *Insurance.* This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss, through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to maintenance of equipment; also premiums on fidelity bonds of employees whose pay is chargeable to maintenance of equipment. (See § 10.04–18 *Insurance.*)

NOTE: The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies, and to it shall be credited all amounts recovered from insurance companies for damage to the property reinsured by them.

§ 10.334 *Stationery and printing.* This account shall include the cost of stationery and printing used in connection with maintenance of equipment.

STATIONERY AND PRINTING ITEMS

Adding machines.
Addressographs and supplies.
Arm rests.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cyclostyles.
Dating stamps and ribbons.
Dictaphones.
Dictographs.
Drawing paper.
Duplicators.
Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes, paper.
Forms, blank and printed.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Parchment paper.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Punches (not conductor's or baggagemen's).
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Telegraph blanks.
Tissue (impression) paper.
Tracing cloth.
Tracing paper.
Twine.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Water colors.
Water holders.
Wrapping paper.
Wringers for copying presses.

NOTE: The cost of dictionaries, periodicals, technical books, etc., shall be included in the appropriate superintendence accounts.

§ 10.335 *Other expenses.* This account shall include expenses in connection with the maintenance of equipment not properly chargeable to other accounts for maintenance of equipment or to clearing accounts such as "Material store expenses" and "Shop expenses."

ITEMS OF EXPENSE

Pay and expenses of mechanical department employees attending conferences with officers in connection with mechanical department wage disputes.
Fees paid arbitrators in connection with mechanical department wage disputes.
Payments to mechanical department employees for time absent on account of sickness when not in compensation for personal injuries.

§ 10.336 *Joint maintenance of equipment expenses—Dr.* This account shall include the carrier's proportion of expenses incurred by others in maintaining equipment used in the operation of joint facilities, including the carrier's proportion of the expenses of repairing such equipment damaged by accidents when such expenses are participated in by more than one carrier. It shall also include the carrier's proportion of expenses incurred by others in maintaining joint shop machinery and power-plant machinery.

NOTE: The purpose of this account is to show the amount accruing against the carrier for its proportion of the expense of maintaining equipment, shop machinery, and power-plant machinery, which is maintained by others and in the joint use of which the carrier participates.

§ 10.337 *Joint maintenance of equipment expenses—Cr.* This account shall include the amount chargeable to others as their proportion of expenses incurred by the carrier in maintaining equipment used in the operation of joint facilities, and for expenses of repairing equipment damaged by accidents, when such expenses are participated in by more than one carrier. It shall also include amounts chargeable to others as their proportions of the expenses incurred by the carrier in maintaining joint shop machinery and power-plant machinery.

NOTE: The purpose of this account is to show the amounts accruing in favor of the carrier due from others for their proportions of the expense of maintaining equipment, shop machinery, and power-plant machinery, which is maintained by the carrier and in the joint use of which others participate.

§ 10.338 *Equalization; equipment.* This account shall include adjustments of the differences between the actual and the budgeted or authorized maintenance of equipment expenses. The amounts included in this account shall concurrently be debited or credited to account 773, "Equalization reserves."

Traffic

§ 10.350 *Traffic.* The primary accounts included in this general account are designed to show the expenses incurred for advertising, soliciting, and securing traffic for the carrier's lines and for preparing and distributing tariffs governing such traffic.

§ 10.351 *Superintendence.* This account shall include:

(a) *Pay of officers.* The pay of officers directly in charge of or engaged in supervising the procurement of traffic, and the preparation and distribution of tariffs, division sheets, and classifications.

LIST OF OFFICERS

Vice president.
Assistant to vice president.
Traffic director.
Traffic manager.
General freight agent.
Assistant general freight agent.
Chief of tariff bureau.
Traveling tariff inspector.
Live stock agent.
General passenger agent.
Assistant general passenger agent.
Division passenger agent.
Division freight agent.
General baggage agent.
General express agent.
General express manager.
Coal traffic agent.

(b) *Pay of clerks and attendants.* The pay of clerks and other employees in the offices and on business cars of officers whose pay is chargeable to this account.

LIST OF EMPLOYEES

Chief clerk.
Clerks.
File clerks.
Stenographers.
Messengers.
Cooks.
Porters.
Attendants.

(c) *Office and other expenses.* Office expenses and other expenses of officers and employees whose pay is chargeable to this account.

ITEMS OF EXPENSE AND SUPPLIES

Atlases and maps.
Barometers.
Bicycles.
Books for office use.
Business car service.
Express charges.
Fees and dues in commercial and other clubs.
Furniture repairs and renewals.
Heating.
Lighting.
Official train service.
Periodicals and newspapers.
Power.
Provisions for business cars.
Rent for offices.
Repairs of rented offices.
Telegraph service.
Telephone service.
Traveling expenses.
Water and ice.

NOTE A: When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants, and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE B: The pay and expenses of officers engaged exclusively in soliciting traffic are chargeable to account 352, "Outside agencies."

NOTE C: The cost of stationery for traffic offices is chargeable to account 358, "Stationery and printing," except stationery chargeable to accounts 354, 355, and 356.

§ 10.352 *Outside agencies.* This account shall include the pay, and the office, traveling, and other expenses of general, commercial, city, and district agents and others soliciting traffic, the employees of their offices, and traveling agents and solicitors located on or off the line of the carrier's road.

City ticket and freight offices, separate from regular station ticket and freight offices, shall be treated as outside agencies; the pay and expenses of the employees therein and the expenses of such offices shall be charged to this account.

Commissions for services pertaining to either freight or passenger business, except commissions paid in lieu of salaries to carrier's agents located upon the carrier's own line (which shall be charged to account 373, "Station employees"), shall be included in this account.

ITEMS OF EXPENSE

Bicycles.
Books for office use.
Express charges.
Furniture repairs and renewals.
Heating.
Lighting.
Membership fees and dues in agency associations.
Membership fees and dues in commercial clubs.
Office supplies.
Periodicals and newspapers.
Rent of offices.
Repairs of rented offices.
Telegraph service.
Telephone service.
Traveling expenses.
Water and ice.

§ 10.353 *Advertising.* This account shall include the cost of advertising for the purpose of securing traffic; pay of advertising agents, their clerks and attendants; rent of offices, and the office, traveling, and other expenses of such employees; also donations to carnivals, local development associations, summer schools, and other gatherings, when made for the purpose of increasing traffic.

ITEMS OF ADVERTISING EXPENSE

Advertisements in newspapers.
Advertisements in periodicals.
Bulletin boards and cards.
Card cases.
Customs charges on advertising matter.
Display and other advertising cards.
Distributing folders.
Distributing general notices to shippers.
Distributing time-tables.
Dodgers.
Express charges.
Frames.
Handbills.
Maps used for advertising.
Pamphlets.
Photographs and views.
Postage.
Posters.
Publishing advertising matter.
Publishing folders.
Publishing notices to shippers.
Publishing time-tables.
Racks.

NOTE: Advertising expenses of industrial and immigration bureaus shall be included in account 356, "Industrial and immigration bureaus."

§ 10.354 *Traffic associations.* This account shall include the cost to the carrier of participation in traffic associations, including its proportion of the pay of officers and employees of such associations and of their office, stationery and printing, traveling, and other expenses.

LIST OF TRAFFIC ASSOCIATIONS

Boards of trade.
Classification bureaus.
Clergy bureaus.
Commercial associations.
Freight associations.
Mileage ticket bureaus.
Passenger associations.
Tariff bureaus.
Ticket validating agencies.

§ 10.355 *Fast freight lines.* This account shall include the cost to the carrier of participation in fast freight or dispatch organizations, including its proportion of the pay of officers, soliciting agents, and employees of such organizations, and their office, stationery and printing, traveling, and other expenses.

§ 10.356 *Industrial and immigration bureaus.* This account shall include the cost to the carrier of industrial and immigration bureaus, including the pay of industrial and immigration agents, and exhibit agents, their clerks and attendants and their office, stationery and printing, traveling, and other expenses.

ITEMS OF EXPENSE

Advertising.
Agricultural trains.
Dairy trains.
Donations to expositions.
Donations to fairs.
Donations to stock shows.
Exhibits.
Experimental farms.
Good roads trains.
Premiums to fairs.
Premiums to stock shows.

§ 10.357 *Insurance.* This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to Traffic, also premiums on fidelity bonds of employees whose pay is chargeable to Traffic. (See § 10.04–18 *Insurance.*)

NOTE: The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account the amount of all claims for injuries to persons and damages to the property covered by its insurance shall be charged. To such account shall also be charged all reinsurance premiums paid to insurance companies, and to it shall be credited all amounts recovered from insurance companies for damage to the property reinsured by them.

§ 10.358 *Stationery and printing.* This account shall include the cost of stationery and printing used in connection with securing traffic, including the cost of tariffs governing such traffic.

STATIONERY AND PRINTING ITEMS

Adding machines.
Arm rests.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Classifications.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cyclostyles.
Dating stamps and ribbons.
Dictaphones.
Dictographs.
Division sheets.
Duplicators.
Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes, paper.
Flexotype machines.
Forms, blank and printed.
Freight classifications.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Punches (not conductors' or baggagemen's).
Rate sheets.
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Tariffs, printed.
Telegraph blanks.
Tissue (impression) paper.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Water colors.
Water holders.
Wrapping paper.
Wringers for copying presses.

NOTE A: The cost of dictionaries, periodicals, technical books, etc., shall be included in the appropriate superintendence accounts.

NOTE B: The cost of stationery and printing used by traffic associations, fast freight lines, and industrial and immigration bureaus shall be included in the accounts provided for the expenses of such organizations.

§ 10.359 *Other expenses.* This account shall include all expenses in connection with traffic not properly chargeable to other traffic accounts.

Transportation

§ 10.370 *Transportation; rail line.* The primary accounts included in this general account are designed to show expenses incurred for transporting persons and the property of others, including the expenses of station, train, yard, and terminal service; also the expense of transporting company material in transportation service trains.

§ 10.371 *Superintendence.* This account shall include:

(a) *Pay of officers.* The pay of officers directly in charge of or engaged in conducting transportation.

LIST OF OFFICERS

Vice president.
Assistant to the vice president.
General manager.
Assistant general manager.
General superintendent of transportation.
Superintendent of transportation.
General superintendent.
Assistant general superintendent.
Superintendent.
Division superintendent.
Assistant division superintendent.
Superintendent of car service.
Chief special agent.
Members of examining boards.
Superintendent of mail service.
Traveling train and station inspectors.
Air-brake instructor.
Superintendent of agencies.
Superintendent of transfer stations.
Trainmaster.
Assistant trainmaster.
General road foreman of locomotives.
Road foreman of locomotives.
Traveling locomotive engineer.
Traveling locomotive fireman.

(b) *Pay of clerks and attendants.* The pay of clerks and others employed in the offices and on business cars of officers whose pay is chargeable to this account.

LIST OF EMPLOYEES

Division clerk.
Chief clerk.
Clerks.
Special agents.
Detectives.
Stenographers.
Messengers.
Cooks.
Porters.

(c) *Office and other expenses.* Office expenses and other expenses of officers and employees whose pay is chargeable to this account; also the pay and expenses of employees attending investigations concerning the cause of or responsibility for accidents, and amounts paid detective agencies and others for work in connection with such investigations.

ITEMS OF EXPENSE AND SUPPLIES

Atlases and maps.
Barometers.
Books for office use.
Business car service.
Express charges.
Fees and dues in associations.
Furniture repairs and renewals.
Heating.
Lighting.
Official train service.
Periodicals and newspapers.
Power.
Provisions for business cars.
Rent of air-brake instruction cars.
Rent of offices.
Repairs of rented offices.
Telegraph service.
Telephone service.
Traveling expenses.
Water and ice.

NOTE A: When officers designated above have supervision over more than one department, their salaries, the pay of their clerks and attendants, and their office and other expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE B: The cost of stationery purchased for transportation offices is chargeable to account 410, "Stationery and printing."

§ 10.372 *Dispatching trains.* This account shall include the pay of chief and other train dispatchers, their clerks, copying operators, and attendants, and pay of operators on the line whose duties are confined to directing train movements; also the office, traveling, and other expenses of such employees.

NOTE: Pay of operators who also perform station work shall be charged to account 373, "Station employees."

§ 10.373 *Station employees.* This account shall include:

(a) *Agents, clerks, and attendants.* The pay of agents, clerks, and attendants in charge of, or engaged in, the operation of stations, stockyards, wharves, and piers located on the carrier's line; also payments to such station or ticket agents in lieu of salaries.

Special payments to customs inspectors on account of opening and resealing cars under unusual conditions, and payments to produce-exchange inspectors for inspecting, measuring, and weighing grain shall be here included.

LIST OF EMPLOYEES

Accountants.
Assistant agents.
Assistant depot masters.
Assistant station masters.
Baggage agents at stations.
Baggagemen.
Car clerks.
Cashiers.
Chauffeurs.
Clerks.
Collectors.
Customs inspectors.
Depot masters.
Detectives.
Express agents.
Gatemen.
Information bureau employees.
Janitors.
Maids.
Matrons.
Messengers.
Package and parcel room employees.
Policemen.
Porters.
Relief agents.
Station agents.
Station foremen.
Station passenger agents.
Station freight agents.
Stationmasters.
Stockyards superintendents and foremen.
Telegraph and telephone operators.
Ticket agents.
Ticket collectors.
Ticket examiners.
Train callers.
Ushers.
Watchmen.

(b) *Labor at stations.* Station and other labor expended in handling freight, mail, baggage, and express at stations, wharves, and piers; in loading, unloading, feeding, watering, bedding, shearing, dipping, inspecting, and otherwise caring for stock; in disinfecting stations, stockyards, and stock pens; in transferring, picking up, straightening, and reloading freight in the ordinary course of transportation; in miscellaneous station work, including (when done by station employees) cleaning station grounds, station platforms, walks, stockyards, and stock pens, and removing snow and ice therefrom; and in tending switch lamps not in yards and terminals.

Payments to elevator companies (when not made as division of rate) for transferring grain en route, and payments to other companies and individuals for loading and unloading commercial freight under contract or otherwise shall be included in this account.

LIST OF EMPLOYEES

Baggage storeroom employees.
Car sealers.
Checkmen.
Coal handlers.
Coopers.
Delivery men.
Electricians.
Freight callers.
Freight handlers.
Freight house foremen.
Freight loaders.
Freight unloaders.
Longshoremen.
Mail carriers.
Mail weighers.
Station cleaners.
Stationary engineers.
Stationary firemen.
Stevedores.
Stock-pen laborers.
Stockyard laborers.
Tallymen.
Teamsters.
Truckmen.
Warehousemen.
Weighmasters.

NOTE A: The cost of transferring freight, mail, baggage, and express on account of wrecks shall be included in account 415, "Clearing wrecks."

NOTE B: This account shall not include the pay of telegraph and telephone operators provided for under accounts 372, "Dispatching trains," and 407, "Communication system operation," or pay of employees provided for under account 375, "Coal and ore wharves."

§ 10.374 *Weighing, inspection, and demurrage bureaus.* This account shall include the cost to the carrier of its participation in joint weighing, inspection, demurrage, and car distribution bureaus and associations.

§ 10.375 *Coal and ore wharves.* This account shall include cost of operating docks, and wharves, piers, and other marine, lake, or river landings, and the machinery located thereon, used in connection with the transportation of coal and ore.

(a) *Labor and expenses.* The pay and the office, traveling, and other expenses of employees engaged in operating coal and ore wharves.

(b) *Tools and supplies.* The cost of all tools and supplies used in the operation of coal and ore wharves.

ITEMS OF TOOLS AND SUPPLIES

Cylinder oil.
Fuel for stationary boilers.
Illuminating oil.
Lantern parts.
Lanterns.
Lubricating oil.
Picks.
Shovels.
Slice bars.
Waste.
Wicks.

NOTE: The cost of switching service in connection with coal and ore wharves shall not be included in this account.

§ 10.376 *Station supplies and expenses.* This account shall include:

(a) *Heating.* The cost of fuel (including cost of unloading), water, steam, and miscellaneous supplies used for heating stations, waiting rooms, freight and passenger offices, stockyards and other station buildings.

(b) *Lighting.* The cost of fuel, water, gas, oil, electricity, lamp globes, lamp chimneys, wicks, lamp carbons, incandescent lamps, and miscellaneous supplies used in lighting stations, waiting rooms, freight and passenger offices, stockyards, other station buildings, street approaches thereto, and passenger footbridges and subways at stations.

(c) *Other expenses.* The cost of miscellaneous station supplies and station expenses, including those for stockyards.

ITEMS OF EXPENSE

Cleaning privy vaults.
Express charges.
Furniture repairs and renewals.
Garage expenses.
Licenses for ticket agents.
Mail transfer by others than employees.
Membership fees and dues in agents' associations.
Power for station machinery.
Rent of automatic weighing and recording devices.
Rent of scales.
Rent of station buildings (not jointly used).
Reports to agents of commercial standing.
Sprinkling station grounds.
Station employees' expenses.
Supplies used in feeding, watering, bedding, shearing, dipping, inspecting, and otherwise caring for livestock.
Telegraph service.
Telephone service.
Warehouse charges for storage of freight.
Washing towels.

ITEMS OF TOOLS AND SUPPLIES

Atlases and maps.
Auto trucks.
Awnings.
Axes.
Badges.
Baggage checks.
Barometers.
Baskets.
Bicycles.
Blocking.
Brooms.
Brushes.
Buckets.
Bulletin boards.
Call bells.
Candles.
Car-seal presses.
Car seals.
Carpets.
Chains.
Chair cushions.
Chairs.
Chalk.
Chamois skins.
Check boxes.
Check racks.
Checks.
Clocks.
Coal hods.
Cold chisels.
Cooperage material.
Copy-press stands.
Counter brushes.
Counter scales.
Cups.
Curtains.
Cuspidors.
Desks.
Dippers.
Directories.
Dusters.
Electric fans.
Electric lamps.
Electric-light supplies.
Feather dusters.
Files, document.
Fire buckets.
Fire grenades.
Flags.
Floor coverings.
Gangplanks.
Gas.
Gasoline.
Hampers.
Hatchets.
Hoes.
Hooks.
Hose and couplings.
Ice.
Ice barrels.
Ice boxes.
Ice buckets.
Ice carts.
Ice tongs.
Keys.
Ladders.
Lamp burners.
Lamp chimneys.
Lamp fittings.
Lamp globes.
Lamp mantles.
Lampblack.
Lamps (not permanently attached to buildings).
Lantern fittings.
Lantern globes.
Lanterns.
Letter boxes.
Mail bags.
Marking brushes.
Marking pots.
Marline.
Matches.
Measures.
Medical boxes.
Medical supplies.
Mirrors.
Money drawers.
Nails for boxing.
Newspapers.
Oil.
Oil cans.
Packing material.
Padlocks.
Pails.
Pinch bars.
Punches for baggagemen and gatemen.
Rakes.
Reflectors.
Rolling chairs for invalids.
Safes.
Sawdust.
Saws.
Scoops.
Scales, portable.
Scrubbing brushes.
Settees.
Shovels.
Sledges.
Soap.
Spades.
Sponges.
Sprinkling cans.
Stools.
Stove blacking.
Stoves and stovepipe.
Switch lamp supplies at points where regular switching service is not maintained.
Tables.
Tacks.
Tarpaulins (not for cars).
Thermometers.
Ticket cases.
Tongs.
Tool boxes.
Torpedoes.
Towels.
Trucks.
Twine.
Uniforms.
Washbasins.
Waste.
Water.
Water barrels.
Water bowls.
Water cans.
Water coolers.
Water pails.
Wheelbarrows.
Whisk brooms.
Wicks.
Wrenches.

§ 10.377 *Yardmasters and yard clerks.* This account shall include the pay of general yardmaster, yardmaster, assistant yardmaster, general yard foreman, and yard clerks and attendants in yards where regular switching service is maintained and in terminal switching and transfer service, including employees engaged in calling yardmen and trainmen; also pay of policemen, watchmen, and detectives in yard service. (See account 389, "Yard supplies and expenses.")

§ 10.378 *Yard conductors and brakemen.* This account shall include the pay of yard conductors or foremen and yard brakemen or switchmen handling cars in passenger and freight yards where regular switching service is maintained and in terminal switching and transfer service, including pay while dead-heading in connection with such service. (See account 389, "Yard supplies and expenses.")

NOTE: When conductors and brakemen are engaged in both train and yard service their pay shall be apportioned between the train and yard accounts on the basis of service rendered. This does not apply to train switching service performed by train crews, the entire pay of whom shall be charged to account 401, "Trainmen."

§ 10.379 *Yard switch and signal tenders.* This account shall include the pay of employees in yards where regular switching service is maintained, who are engaged in the operation of yard switches and signals, including interlockers used solely or principally for the government of all movements of locomotives and trains between main and yard tracks, movements of locomotives between yard tracks and enginehouses, and yard switching movements. (See account 389, "Yard supplies and expenses.")

LIST OF EMPLOYEES

Battery men.
Interlocker oilers.
Lamp cleaners.
Lamp men.
Lamplighters.
Lever men.
Signalmen.
Switch oilers.
Switch tenders.
Tower men.

§ 10.380 *Yard enginemen.* This account shall include the pay of yard enginemen while engaged in yards where regular switching service is maintained and in terminal switching and transfer service, including pay of such employees while deadheading in connection with yard service. For purposes of this account enginemen shall be understood to include the operators and their assistants, regardless of the type of self-propelled motive power being operated.

NOTE: The pay of enginemen on locomotives engaged in more than one class of service shall be apportioned on the basis of service rendered. Pay of enginemen on train locomotives while engaged in train switching service shall be included in account 392, "Train enginemen." The pay of enginemen on locomotives engaged in work service shall be included in the cost of the work to which the service pertains.

§ 10.382 *Yard switching fuel.* This account shall include the cost, delivered on locomotives or motor cars, of coal, coke, oil, wood, and other fuels consumed in switching service in yards where regular switching service is maintained, and in terminal switching and transfer service, including a suitable proportion of the pay of fuel agents, fuel inspectors, fuel weighers, and clerks engaged in accounting for fuel at fuel stations; pay of foremen and other fuel-station employees; also a suitable proportion of the cost of tools, such as wheelbarrows, shovels, scoops, and picks, used for handling fuel at such stations and the cost of operating machinery at fuel stations.

NOTE A: The cost of repairs and renewals of coal chutes, buggies, pockets, air hoists, mechanical hoists, and mechanical conveyors at fuel stations shall be charged to account 233, "Fuel stations."

NOTE B: The cost of supplies consumed by locomotives and motor cars engaged in more than one class of service shall be apportioned upon the basis of service rendered. The cost of supplies consumed by train locomotives and motor cars in train switching service shall be included in accounts provided for train service. The cost of supplies consumed by locomotives and motor cars in work service shall be included in the cost of the work to which the service pertains.

§ 10.383 *Yard switching power produced.* This account shall include the cost of the production and distribution of electric power used in operating locomotives and cars in switching service in yards where regular switching service is maintained, and in terminal switching and transfer service.

(a) *Employees.* The pay of employees engaged in operating electric-power stations and substations, such as engineers, firemen, electricians, dynamo men, oilers, cleaners, and coal passers.

(b) *Fuel.* The cost of coal, oil, gas, and other fuel, including the cost of labor unloading or stocking fuel.

(c) *Water.* The cost of water used to produce steam or to operate water plants, including pumping, rent of ponds, streams, and pipe lines; also water tests, boiler compounds, and other like supplies and expenses.

(d) *Other supplies and expenses.* The cost of lubricants, such as oil and grease used in lubricating engines, shafting, dynamos, and pumps; cost of waste, carbon brushes, fuses, lamps, and other supplies; also the cost of heating and lighting power plants, and other expenses not elsewhere specified in connection with operation of electric-power plants. (See § 10.04–12 *Power plant operations.*)

NOTE: The cost of supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.384 *Yard switching power purchased.* This account shall include the cost of electric power purchased for the propulsion of engines and cars in switching service in yards where regular switching service is maintained, and in terminal switching and transfer service.

NOTE: The cost of supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.385 *Water for yard locomotives.* This account shall include the cost of water supplied to locomotives in switching service in yards where regular switching service is maintained, and in terminal switching and transfer service, including rent of ponds, lakes, other sources of water supply, and right of way for pipe lines; cost of water purchased, expenses of work trains while engaged in hauling water for locomotive supply, and cost of testing water; also cost of labor expended and cost of materials and supplies used in the operation of water stations and purifying plants.

The cost of operating boilers, engines, and pumps at water stations; heating and lighting water stations, breaking ice in water tanks, thawing out tank spouts and water cars, keeping fires in tanks and water cars to prevent freezing, shoveling snow into locomotive tanks; also temporary connections between water cars and locomotive tenders, compounds injected into locomotive boilers to decrease scale formation, and other expenses directly incident to the supplying of water to such locomotives, shall be included in this account.

An equitable proportion of the pay and the office, traveling, and other expenses of superintendent of water service engaged in connection with water supply for locomotives shall be included in this account.

ITEMS OF WATER STATION SUPPLIES

Axes.	Hose.
Boiler compounds.	Oil.
Chemicals.	Rubber packing.
Coal.	Shovels.
Coal picks.	Siphons.
Engine igniter batteries.	Slice bars.
Gasoline.	Stove fixtures.
Gasoline drums.	Stoves.
Hand tools.	Waste.
	Wrenches.

NOTE: The cost of supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.386 *Lubricants for yard locomotives.* This account shall include the cost of valve, engine, car, and other lubricating oils, grease, compounds, and waste used for lubrication of locomotives in switching service in yards where regular switching service is maintained and in terminal switching and transfer service.

NOTE: The cost of supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.387 *Other supplies for yard locomotives.* This account shall include the cost of supplies, other than fuel, water, and lubricants, used on locomotives in switching service in yards where regular switching service is maintained and in terminal switching and transfer service, including the cost of repairs and renewals of furniture, tools, and other movable articles required for use on locomotives in yard service.

The cost of sand charged to this account shall include the cost of material and supplies used in preparing and drying the sand for use, such as the cost of fuel, wheelbarrows, shovels, and sand screens.

ITEMS OF TOOLS AND SUPPLIES

Ash hoes.	Matches.
Ash-pan rods.	Oil cans.
Axes.	Oil for headlights.
Bars, buggy.	Oil for lanterns.
Bell cords.	Oil for signal lamps.
Boxes, portable.	Oil for torches.
Brooms.	Oilers.
Brushes.	Packing hooks.
Buckets.	Packing spoons.
Carbide for acetylene gas.	Picks, coal.
Carbons for electric lights.	Pinch bars.
Chimneys for headlights.	Plugging bars.
Chimneys for signal lamps.	Pokers.
Chisels.	Sand.
Clinker hooks.	Saws.
Crowbars.	Scoops.
Files.	Shovels.
First-aid boxes.	Signal lamps.
Flags.	Sledges.
Globes for lanterns.	Slice bars.
Grate shakers.	Soap.
Hammers.	Switch chains.
Handsaws.	Switch poles.
Hatchets.	Switch ropes.
Hose (not air-brake, air-signal, or steam).	Tool boxes, portable.
Hose, thaw-out.	Torches.
Hose reels.	Torpedoes.
Ice.	Waste.
Jacks.	Water buckets.
Jackscrews.	Water coolers.
Lanterns and parts.	Wicks for headlights.
Locks for portable boxes.	Wicks for lanterns.
	Wicks for signal lamps.
	Wicks for torches.
	Wrecking frogs.
	Wrenches.

NOTE A: Where the quantity of sand used on locomotives engaged in yard service is relatively small as compared with the quantity used by locomotives engaged in train service, the entire cost of such material shall be included in account 399, "Other supplies for train locomotives." Where the quantity used in yard service is relatively large, the entire cost shall be included in this account.

NOTE B: The cost of other supplies consumed by locomotives engaged in more than one class of service shall be apportioned upon the basis of service rendered. The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.388 *Enginehouse expenses; yard.* This account shall include the expense of caring for and preparing locomotives for switching service in yards where regular switching service is maintained and in terminal switching and transfer service, including a proportion of such expenses as are common to train, yard switching, and work service.

(a) *Enginehouse men.* The pay of enginehouse employees engaged in wiping, cleaning, watching, and dispatching locomotives; keeping and preparing fires, dumping ashes, washing boilers, cleaning fire boxes, packing driving boxes and truck boxes; cleaning smokestacks, air-brake equipment, and front ends of locomotives; checking locomotive tool equipment, cleaning ash and cinder pits; operating turntables, drying sand, inspecting smokestacks and ash pans; calling enginemen, and moving locomotives around engine yards when operated by hostlers; also a proportion of the pay of enginehouse foremen and their clerks.

(b) *Miscellaneous expenses.* The cost of tools, supplies, and sundry expenses on account of caring for and preparing locomotives at enginehouses.

ITEMS OF MISCELLANEOUS EXPENSES

Boiled oil.
Compounds for cleaning and polishing.
Enginehouse cupboards.
Gas, oil, and electricity for lighting.
Heating enginehouses, including offices.
Lampblack.
Lanterns used by enginehouse men.
Lighting enginehouses, including offices.
Lubricating oil for enginehouse, ash pit, transfer table, and turntable machinery.
Lye.
Packing tools.
Paint for front ends of locomotives.
Power for operation of turntables and transfer tables.
Rent of roundhouse stalls.
Shovels.
Signal lights on transfer tables and turntables.
Waste.
Water for cinder pits.
Water for washing boilers.
Water hose.
Wheelbarrows.

NOTE A: Enginehouse expenses of locomotives in work service shall be included in the cost of the work to which the service pertains.

NOTE B: The pay of mechanics and laborers engaged in locomotive repair work in enginehouses shall be charged to the appropriate accounts for locomotive repairs.

§ 10.389 *Yard supplies and expenses.* This account shall include the cost of supplies (except locomotive supplies) used in yard service, yard signal and interlocker supplies, and miscellaneous yard expenses for yards where regular switching service is maintained; also office and other expenses of employees whose pay is chargeable to accounts 377, 378, and 379.

ITEMS OF YARD SUPPLIES

Electric-light carbons.	Lamp wicks.
Electric-light globes	Lantern globes.
Flags.	Lantern wicks.
Fuel for heating.	Lanterns.
Fuel for power.	Lubricants for machinery and switches.
Illuminating oil.	Semaphore lamps.
Lamp burners.	Signal lamps.
Lamp chimneys.	

Stoves.	Waste.
Switch chains.	Wrecking frogs.
Switch lamps.	Wrecking wedges.
Switch ropes.	

ITEMS OF YARD EXPENSE

Electricity purchased for lighting yards and yard buildings.
Furniture repairs and renewals.
Gas purchased for lighting yards and yard buildings.
Power produced for operating switches and signals.
Power purchased for operating switches and signals.
Rent of telephones.
Rent of yard buildings (not jointly used).

§ 10.390 *Operating joint yards and terminals—Dr.* This account shall include the carrier's proportion of the costs incurred by others in their operation of joint yards and terminals, including signals, interlockers, and other facilities at such joint yards and terminals.

NOTE A: The purpose of this account is to show the amounts accruing against the carrier for its proportion of the cost of operating yards and terminals operated by others, and in the joint use of which the carrier participates. (See § 10.04-9 *Joint facility accounts.*)

NOTE B: No portion of expenses chargeable by the operating carrier to accounts 392 to 403, inclusive, shall be included in this account.

§ 10.391 *Operating joint yards and terminals—Cr.* This account shall include amounts chargeable to others as their proportions of the costs incurred by the carrier in the operation of joint yards and terminals, including signals, interlockers, and other facilities at such joint yards and terminals.

NOTE A: The purpose of this account is to show the amounts accruing in favor of the carrier and against others for their proportions of the cost of operating yards and terminals operated by the carrier and in the joint use of which others participate. (See § 10.04-9 *Joint facility accounts.*)

NOTE B: No portion of expenses chargeable by the operating carrier to accounts 392 to 403, inclusive, shall be included in this account.

§ 10.392 *Train enginemen.* This account shall include the pay of enginemen while engaged in transportation train service or while deadheading in connection therewith and pay of such enginemen engaged in piloting trains over home lines; also the pay of employees while regularly engaged in shoveling coal forward on locomotive tenders. For purposes of this account enginemen shall be understood to include the operators and their assistants, regardless of the type of self-propelled motive power being operated.

NOTE: The pay of enginemen on locomotives engaged in more than one class of service shall be apportioned on the basis of service rendered. Pay of enginemen on train locomotives while engaged in train switching service shall be included in this account. The pay of enginemen on locomotives engaged in work service shall be included in the cost of the work to which the service pertains.

§ 10.394 *Train fuel.* This account shall include the cost, delivered on locomotives or motor cars, of coal, coke, oil, wood, and other fuel for propulsion of trains in transportation-train service, including a suitable proportion of the pay of fuel agents, fuel inspectors, fuel weighers, and clerks engaged in accounting for fuel at fuel stations; pay of foremen and other fuel station employees; also a suitable proportion of the cost of tools, such as wheelbarrows, shovels, scoops, and picks, used for handling fuel at such stations, and the cost of operating machinery at fuel stations.

NOTE A: The cost of repairs and renewals of coal chutes, buggies, pockets, air hoists, mechanical hoists, and mechanical conveyors at fuel stations shall be charged to account 233, "Fuel stations."

NOTE B: The entire cost of supplies consumed by train locomotives and motor cars in train-switching service shall be included in the accounts provided for train service. The cost of supplies consumed by locomotives and motor cars in work service shall be included in the cost of the work to which the service pertains.

§ 10.395 *Train power produced.* This account shall include the cost of producing and distributing electric power for the propulsion of electric locomotives and cars in transportation train service.

(a) *Employees.* The pay of employees engaged in operating electric-power stations and substations, such as engineers, firemen, electricians, dynamo men, oilers, cleaners, and coal passers.

(b) *Fuel.* The cost of coal, oil, gas, and other fuel, including the cost of labor unloading or stocking fuel.

(c) *Water.* The cost of water used to produce steam or to operate water plants, including pumping, rent of ponds, streams, and pipe lines; also water tests, boiler compounds, and other like supplies and expenses.

(d) *Other supplies and expenses.* The cost of lubricants, such as oil and grease, used in lubricating engines, shafting, dynamos, and pumps; cost of waste, carbon brushes, fuses, lamps, and other supplies; also cost of heating and lighting power plants, and other expenses not elsewhere specified in connection with operation of electric-power plants. (See § 10.04-12 *Power plant operations.*)

NOTE: The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work servce shall be included in the cost of the work to which the service pertains.

§ 10.396 *Train power purchased.* This account shall include the cost of electric power purchased for the propulsion of locomotives and cars in transportation train service.

NOTE: The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.397 *Water for train locomotives.* This account shall include the cost of water supplied to locomotives in transportation train service, including rent of ponds, lakes, other sources of water supply, and right of way for pipe lines; cost of water purchased, expenses of supply trains while engaged in hauling water for locomotive supply, and cost of testing water, also cost of labor expended and cost of material and supplies used in the operation of water stations and purifying plants.

The cost of operating boilers, engines, and pumps at water stations, heating and lighting water stations, breaking ice in water tanks, thawing out tank spouts and water cars, keeping fires in tanks and water cars to prevent freezing, shoveling snow into locomotive tanks; also temporary connections between water cars and locomotive tenders, compounds injected into locomotive boilers to decrease scale formation, and other expenses directly incident to the supplying of water to such locomotives, shall be included in this account.

An equitable proportion of the pay and the office, traveling, and other expenses of superintendent of water service, engaged in connection with water supply for locomotives, shall be included in this account.

ITEMS OF WATER STATION SUPPLIES

Axes.	Hose.
Boiler compounds.	Oil.
Chemicals.	Rubber packing.
Coal.	Shovels.
Coal picks.	Siphons.
Engine igniter batteries.	Slice bars.
	Stove fixtures.
Gasoline.	Stoves.
Gasoline drums.	Waste.
Hand tools.	Wrenches.

NOTE: The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.398 *Lubricants for train locomotives.* This account shall include the cost of valve, engine, car, and other lubricating oils, grease, compounds, and waste used for lubrication of locomotives in transportation train service.

NOTE: The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.399 *Other supplies for train locomotives.* This account shall include the cost of supplies other than fuel, water, and lubricants, including the cost of repairs and renewals of furniture, tools, and other movable articles required for use on locomotives in transportation train service.

The cost of sand charged to this account shall include the cost of material and supplies used in preparing and drying the sand for use, such as the cost of fuel, wheelbarrows, shovels, and sand screens.

ITEMS OF TOOLS AND SUPPLIES

Ash hoes.	Chimneys for headlights.
Ash-pan rods.	Chimneys for signal lamps.
Axes.	Chisels.
Bars, buggy.	Clinker hooks.
Bell cords.	Crowbars.
Boxes, portable.	Files.
Brooms.	First-aid boxes.
Brushes.	Flags.
Buckets.	Globes for lanterns.
Carbide for acetylene gas.	Grate shakers.
Carbons for electric lights.	Hammers.

Handsaws.
Hatchets.
Hose (not air-brake, air-signal, or steam).
Hose, thaw-out.
Hose reels.
Ice.
Jacks.
Jackscrews.
Lanterns and parts.
Locks for portable boxes.
Matches.
Oil cans.
Oil for headlights.
Oil for lanterns.
Oil for signal lamps.
Oil for torches.
Oilers.
Packing, fiber.
Packing, rubber.
Packing hooks.
Packing spoons.
Picks, coal.
Pinch bars.
Plugging bars.
Pokers.
Sand.
Saws.
Scoops.
Shovels.
Signal lamps.
Sledges.
Slice bars.
Soap.
Switch chains.
Switch poles.
Switch ropes.
Tool boxes, portable.
Torches.
Torpedoes.
Waste.
Water buckets.
Water coolers.
Wicks for headlights.
Wicks for lanterns.
Wicks for signal lamps.
Wicks for torches.
Wrecking frogs.
Wrenches.

NOTE A: Where the quantity of sand used on locomotives engaged in train service is relatively small as compared with the quantity used by locomotives engaged in yard service, the entire cost of such material shall be included in account 387, "Other supplies for yard locomotives." Where the quantity used in train service is relatively large, the entire cost shall be included in this account.

NOTE B: The entire cost of supplies consumed by train locomotives in train switching service shall be included in the accounts provided for train service. The supplies consumed by locomotives in work service shall be included in the cost of the work to which the service pertains.

§ 10.400 *Enginehouse expenses; train.* This account shall include the expense of caring for and preparing locomotives for transportation train service, including a proportion of such expenses as are common to train, yard switching, and work service.

(a) *Enginehouse men.* The pay of enginehouse employees engaged in wiping, cleaning, watching, and dispatching locomotives; preparing and keeping fires, dumping ashes, washing boilers, cleaning fire boxes, packing driving boxes and truck boxes; cleaning smokestacks, air-brake equipment, and front ends of locomotives; checking locomotive tool equipment, cleaning ash and cinder pits; operating turntables, drying sand, inspecting smokestacks and ash pans; and moving locomotives around engine yards when operated by hostlers; also a proportion of the pay of enginehouse foremen and their clerks.

(b) *Miscellaneous expenses.* The cost of tools and supplies and sundry expenses on account of caring for and preparing locomotives at enginehouses.

ITEMS OF MISCELLANEOUS EXPENSES

Boiled oil.
Compounds for cleaning and polishing.
Gas, oil, and electricity for lighting.
Heating enginehouses, including offices.
Lampblack.
Lanterns used by enginehouse men.
Lighting enginehouses, including offices.
Lubricating oil.
Lye.
Packing tools.
Paint for front ends of locomotives.
Power for operation of turntables and transfer tables.
Rent of roundhouse stalls.
Shovels.
Signal lights on transfer tables and turntables.
Waste.
Water for cinder pits.
Water for washing boilers.
Water hose.
Wheelbarrows.

NOTE A: Enginehouse expenses of locomotives in work service shall be included in the cost of the work to which the service pertains.

NOTE B: The pay of mechanics and laborers engaged in locomotive repair work in enginehouses shall be charged to the appropriate accounts for locomotive repairs.

§ 10.401 *Trainmen.* This account shall include the pay of conductors; of train auditors, ticket collectors, and others engaged in lifting or examining authorities for transportation; and of baggagemen, brakemen, flagmen, train porters, train guards, train stenographers, maids, and other train employees while engaged in transportation train service or while deadheading in connection therewith; also the pay of trainmen while engaged in piloting trains over home lines.

NOTE: The pay of trainmen while engaged in work-train service shall be included in the cost of the work to which the service pertains.

§ 10.402 *Train supplies and expenses.* This account shall include miscellaneous expenses of transportation service trains and the cost of all supplies other than locomotive supplies.

(a) *Cleaning cars.* The cost of cleaning and disinfecting passenger and freight cars in transportation train service, including cost of removing from freight-train cars such refuse material as sawdust, hay, and straw.

ITEMS OF SERVICE AND SUPPLIES

Brooms.
Brushes.
Cleaning compounds.
Compressed air.
Disinfectants.
Disinfecting machines.
Fuel for heating water.
Hose and fixtures.
Labor of employees.
Polishing compounds.
Soap.
Sponges.
Water.

(b) *Heating cars.* The cost of heating cars in transportation train service, including cost of operating steam-heating plants for car heating at stations and yards. Credits shall be made to this account for charges for heater service collected from other companies and individuals.

ITEMS OF SERVICE AND SUPPLIES

Connections between steam heating lines and cars.
Fuel.
Labor of employees.
Removal of ashes from car stoves.
Stoves temporarily in freight cars.

(c) *Lighting cars.* The cost of lighting cars in transportation train service, including the cost of filling and cleaning lamps and of operating plants for supplying gas or electricity for lighting purposes.

ITEMS OF SERVICE AND SUPPLIES

Battery renewals.
Candles.
Chimneys.
Electricity.
Gas.
Gas mantles.
Globes.
Hose and connections.
Incandescent lamp bulbs.
Labor of employees.
Lamp carbons.
Oil.
Shades.
Wicks.

NOTE: Repairs of gas lighting and electric lighting plants shall be included in the proper maintenance accounts. Repairs and renewals of electric lighting equipment of cars, except supplies as above provided, shall be included in the appropriate car-repair account.

(d) *Lubricating cars.* The cost of lubricating cars in transportation train service, including cost of inspecting, repacking, and oiling car journal boxes and air-brake equipment.

ITEMS OF SERVICE AND SUPPLIES

Cotton waste.
Grease buckets.
Labor of employees.
Oil cans.
Oil, grease, and other lubricants.
Packing buckets.
Packing hooks.
Packing irons.
Packing, miscellaneous.
Wool waste.

(e) *Icing and watering cars.* The cost of icing and watering cars in transportation train service, including icing cars for refrigeration purposes. Credits shall be made to this account for refrigeration charges collected from other companies and individuals.

ITEMS OF SERVICE AND SUPPLIES

Buckets.
Hose and fixtures.
Ice.
Ice tools.
Labor of employees.
Ladders.
Salt.
Water.

(f) *Detouring trains.* The compensation for temporary use of tracks of other carriers, including the cost of pilot service, on account of wrecks, washouts, landslides, snow blockades, and other defects of the tracks, bridges, or tunnels on the carrier's line.

(g) *Train supplies.* The cost of supplies furnished for use on cars in transportation train service.

ITEMS OF TRAIN SUPPLIES

Axes.
Badges.
Beds.
Bell cords.
Boxes for trainmen.
Brooms.
Brushes.
Chains.
Chairs for cabooses (not permanently attached).
Cold chisels.
Combs.
Conductors' punches.
Cuspidors.
Drinking cups and glasses.
Fire buckets.
Flags.
Fuses.
Hammers.
Hatchets.
Jacks.
Lamp boards.
Lamp sticks.
Lantern globes.
Lantern parts.
Lanterns.
Matches.
Medical boxes.
Oil for lanterns.
Order hoops.
Padlocks.
Pails.
Punches.
Sawdust.
Saws.
Scoops.
Shovels.
Signal boxes.
Signal lamps (rear).
Sledges.
Soap.
Switch chains.
Switch ropes.
Toilet paper.
Torpedoes.
Towels.
Train tool boxes.
Uniform trimmings.
Uniforms.
Ventilator sticks.
Waste.
Water buckets.
Wrecking frogs.
Wrenches.

(h) *Other expenses.* The cost of miscellaneous supplies required to equip trains for transportation service and miscellaneous expenses incident to operation of such trains.

ITEMS OF EXPENSE ON ACCOUNT OF EMPLOYEES

Apparatus for testing the sight and hearing of enginemen and trainmen.
Employees' reading and bunk room expense, including pay of attendants and supplies furnished.
Laundry work.
Physicians' fees for examination of train employees.

Wages paid to superintendents and secretaries of reading rooms.

ITEMS OF EXPENSE ON ACCOUNT OF TRANSPORTATION

Bedding for stock cars.
Boarding and slatting box and stock cars for carrying coal, coke, and other freight.
Boards for flooring fruit cars.
Chains for securing loads.
Cleaning, trimming, and filling trainmen's lanterns and rear signal lamps.
Coupling and uncoupling cars at terminals.
Disinfecting cars.
Dunnage used in loading cars or fitting cars for freight shipments.
Feed for live stock in snow-bound or otherwise delayed trains.
Flowers and plants for cars.
Laundry for revenue service cars other than for dining and buffet service and sleeping car service.
Occasional turning of engines on Y of other carriers.
Oil and other supplies for locomotives hauled as freight.
Periodicals for use of passengers on trains.
Planking cars for billet shipments and other material.
Provisions, supplies, or board for passengers in delayed trains.
Removing advertisements from cars.
Rent of fare registers in cars.
Safety chains for use between twin and triple cars.
Supplies for parlor and chair cars.
Supplies furnished cars for the purpose of protection against accidents and fires.
Temporary grain doors.
Temporary lining of cars for freight shipments and stoves and heaters to prevent freezing.
Temporary openings in cars for freight shipments.
Temporary racking of cars for handling sugarcane, corn, bark, or cordwood.
Transferring passengers, express matter, baggage, mail, and freight on account of defective tracks, bridges, or tunnels.

NOTE: The expenses of operating sleeping, dining, and buffet car features of train service shall be included in account 403, "Operating sleeping cars," or in account 441, "Dining and buffet service," as may be appropriate.

§ 10.403 *Operating sleeping cars.* (a) This account shall include the cost of operating sleeping car service on trains.

(1) *Superintendence.* The pay of officers directly in charge of operating sleeping car service; the pay of their clerks and office attendants; also the office, traveling, and other expenses of such officers and employees.

(2) *Station employees.* The pay and expenses of local agents, ticket agents, cashiers, clerks, and attendants; also the office and other expenses of such employees.

(3) *Station expenses.* The expenses of fuel, water, steam, and supplies used in heating station offices; gas, oil, electric current, and other supplies for lighting; repairs and renewals of station furniture, and all other station expenses connected with sleeping car service when separable from the station expenses chargeable to account 376, "Station supplies and expenses."

(4) *Conductors.* The pay of conductors employed on sleeping cars.

(5) *Porters and maids.* The pay of porters and maids employed on sleeping cars.

(6) *Car supplies.* The cost of miscellaneous supplies used on sleeping cars, such as combs, brushes, brooms, and toilet paper; also uniforms, caps, and service stripes for employees.

(7) *Laundry.* Expenses for laundry work, such as laundering sheets, pillowcases, towels, blankets, etc.

(8) *Other expenses.* The cost of flowers and plants, heating cars, cleaning the interior of cars, and of supplies used in interior cleaning, rent and cost of supplies for rooms furnished for sleeping car service employees, and such other expenses in connection with the operation of sleeping cars as are not provided for elsewhere.

(b) This account shall be charged with the deficits assumed by the carrier under a uniform service contract with The Pullman Company, and shall be credited with the carrier's proportion of profits realized under that contract. It is intended that such charges and credits to this account shall include the entire settlement made by the lessee, except allowances for interest rental and depreciation, and that the results of incidental operation of cars other than sleeping cars will not be excluded from the settlements to be recorded herein.

NOTE: When officers have immediate supervision over sleeping car service and other operations their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

§ 10.404 *Signal and interlocker operation.* This account shall include the cost of operating signals and interlockers other than those solely or principally used for governing all movements of locomotives and trains between main and yard tracks, movements of locomotives between yard tracks and enginehouses, and yard switching movements.

(a) *Labor.* The wages of employees engaged in operating signals and interlockers or power producing plants in connection therewith, such as switch tenders, signalmen other than telegraph operators, lever men, switch and signal oilers, battery men, lamp men, lamp cleaners, and lamplighters; gatemen at crossings of other railroads, engineers and others operating plants furnishing compressed air for signals and interlockers; engineers, electricians, and others operating plants furnishing electric power for signals and interlockers.

(b) *Supplies.* The cost of supplies used in operating signals and interlockers or in signal offices, such as gasoline, vitriol, battery zincs, battery coppers, lubricating oils, fuel for heating, fuel for power purposes, produced and purchased power used in operating switches and signals, furniture repairs and renewals, water, and light.

NOTE: The cost of operating signals and interlockers solely or principally used for governing the movement of yard locomotives and trains shall be included in the appropriate yard expense accounts.

§ 10.405 *Crossing protection.* This account shall include the pay of street and highway crossing gatekeepers and flagmen, the cost of supplies used by them, the cost of lights at street and highway crossings not a part of the lighting outfit at stations or in yards, and the cost of compressed air for operating gates.

§ 10.406 *Drawbridge operation.* This account shall include the cost of operating drawbridges.

(a) *Labor.* The wages of employees engaged in operating drawbridges, such as bridge engineers, tenders, and watchmen.

(b) *Supplies.* The cost of produced and purchased power and of supplies, such as fuel, oil, lantern, water, waste, boats, stoves, chairs, brooms, and pails used in drawbridge operation.

§ 10.407 *Communication system operation.* This account shall include the cost of operating communication systems not provided for elsewhere.

TELEGRAPH

Superintendence. The pay of superintendents, censors, their clerks, and attendants.

Operators and messengers. The pay of operators, block inspectors, and messengers in telegraph and relay offices other than those employed in dispatching trains and those located in general offices or at stations.

Other expenses. Office, traveling, and incidental expenses, including office rent, of employees whose pay is chargeable to this account; rent of telegraph conduits, lines, and poles; cost of battery renewals and supplies, bicycles for messengers, and electric current for telegraph purposes; also excess payments to telegraph companies when in connection with telegraph service and not provided for elsewhere.

NOTE A: The pay, rent, other office expenses, and traveling expenses of officers, their clerks and attendants, who supervise or are engaged both in maintenance and operation, shall be apportioned equally between this account and account 247, "Communication systems."

TELEPHONE

Superintendence. The pay of superintendents, their clerks, and attendants.

Operators and messengers. The pay of operators and mesengers in telephone offices other than those employed in dispatching trains and those located in general offices or at stations.

Other expenses. Office, traveling, and incidental expenses, including office rent, of employees whose pay is chargeable to this account; rent of telephone conduits, lines, and poles; cost of battery renewals and supplies, bicycles for messengers, and electric current for telephone purposes; also excess payments to telephone companies when in connection with telephone service and not provided for elsewhere.

NOTE B: The pay, rent, other office expenses, and traveling expenses of officers, their clerks and attendants, who supervise or are engaged both in maintenance and operation, shall be apportioned equally between this account and account 247, "Communication systems."

RADIO, RADAR, AND INDUCTIVE TRAIN COMMUNICATION

Superintendence. The pay of superintendents or others who supervise operation, and their clerks or attendants.

Operators. The pay of operators other than those employed in dispatching trains and those located in general offices or at stations.

Other expenses. Office, traveling, and incidental expenses, including office rent, of employees whose pay is chargeable to this account; rent of space or facilities occupied by radio, radar, or inductive train equipment; cost of battery and tube renewals; cost of electric current purchased and all

other costs incurred for operation and not provided for elsewhere.

NOTE C: The pay, rent, other office expenses, and traveling expenses of officers, their clerks and attendants, who supervise, or are engaged both in maintenance and operation shall be apportioned equally between this account and account 247, "Communication systems."

§ 10.408 *Operating floating equipment.* This account shall include the cost of operating floating equipment in water transfer (ferriage, lighterage, and floatage).

(a) *Superintendence.* The pay of vice presidents and other officers directly in charge of or engaged in the operation of boats; the pay of their assistants, clerks, and attendants; also the office, traveling, and other expenses of such officers and their employees.

(b) *Wages of crews.* The pay of captains, pilots, chief officers, mates, sailors, wireless telegraph operators, and other employees of the deck department; engineers, assistant engineers, electricians, oilers, firemen, coal passers, and all other employees of the engineer's department; and pursers, porters, and all other employees in the steward's department, except when engaged in dining and buffet service.

(c) *Fuel.* The cost, on board boats (including the cost of trimming) of coal, oil, wood, and other fuel used for generating power, heat, or light.

(d) *Lubrication.* The cost of oil, grease, tallow, graphite, and other material furnished for lubricating purposes.

(e) *Other supplies and departmental expenses.* The cost of supplies furnished to deck department; the incidental expenses of deck department employees; supplies other than fuel and lubricants, furnished the engineer's department; water furnished to boats; incidental expenses of engineer's department employees; supplies (other than dining and buffet supplies) furnished to the steward's department; laundry for boats; and incidental expenses of steward's department employees.

ITEMS OF SUPPLIES

Axes.
Brooms.
Brushes.
Commissarial supplies.
Flags.
Gas.
Globes.
Grease.
Handspikes.
Hatchets.
Hose.
Ice.
Lamps.
Laundry.
Lines.
Mops.
Oil.
Pails.
Planks.
Provisions.
Ropes.
Shovels.
Soap.
Tallow.
Tools, miscellaneous.
Trucks.
Waste.
Water.
Wicks.
Wrenches.

(f) *Other expenses.* Expenses incident to the operation of floating equipment not otherwise provided for in this account.

ITEMS OF EXPENSE

Customhouse fees.
License fees.
Pumping out boats laid up.
Raising sunken boats.
Transferring passengers in case of accidents.
Wharfage.

(g) *Elevation and longshore labor.* The cost of shore labor in connection with loading and unloading lighterage freight at wharves and piers, such as labor of bridgemen at transfer bridges and of watchmen, longshoremen, stevedores, and other wharf men.

(h) *Elevation and shore expenses.* Shore expenses in connection with loading and unloading lighterage freight, such as the cost of steam and electricity for power, heating, and lighting; power and supplies used for transfer or float bridges; supplies used in connection with operating wharves and piers and not chargeable to account 376, "Station supplies and expenses."

ITEMS OF SUPPLIES

Brooms.
Carbons.
Chalk.
Coal hods.
Coal shovels.
Cold chisels.
Crowbars.
Gas.
Hammers.
Hatchets.
Ice.
Ice tongs.
Incandescent lights.
Lamps, reflector.
Lanterns.
Marline.
Matches.
Oil.
Oil cans.
Pails.
Pinch bars.
Ropes.
Salt.
Scoops.
Shovels.
Soap.
Tacks.
Tallow.
Torches.
Towels.
Twine.
Waste.
Water.
Water coolers.
Wheelbarrows.

NOTE A: When the compensation for the use of floating equipment used in water transfer service includes rent, maintenance, and operation, the portion covering rent shall be charged to income account 539, "Rent for floating equipment," the portion covering maintenance shall be charged to the appropriate account for maintenance of equipment, and the portion covering operation shall be included in this account.

NOTE B: This account shall not include the pay of station employees or labor engaged in handling freight at stations, wharves, and piers provided for under account 373, "Station employees," or the pay of employees or labor provided for under account 375, "Coal and ore wharves."

§ 10.410 *Stationery and printing.* This account shall include the cost of stationery and printing used in connection with rail line transportation, including operation of floating equipment.

STATIONERY AND PRINTING ITEMS

Adding machines.
Addressographs and supplies.
Arm rests.
Baggage checks, printed.
Baggage scrip.
Baggage storage checks.
Bills of lading.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Computing tables.
Conductors' hat checks.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cross-section books.
Cross-section paper.
Cyclostyles.
Dating stamps and ribbons.
Delivery tickets.
Dictaphones.
Dictographs.
Drawing paper.
Duplicators.
Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes, paper.
Forms, blank and printed.
Fuel tickets.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mileage books.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Parchment paper.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Punches, (not conductors' or baggagemen's).
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping orders.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Telegraph blanks.
Ticket stamps.
Tickets.
Time-tables (employees).
Tissue (impression) paper.
Tracing cloth.
Tracing paper.
Twine.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Water colors.
Water holders.
Waybills.
Wrapping paper.
Wringers for copying presses.

NOTE: The cost of dictionaries, periodicals, technical books, etc., shall be included in appropriate superintendence accounts, and city directories and books of reference used by station agents shall be charged to account 376, "Station supplies and expenses."

§ 10.411 *Other expenses.* This account shall include all expenses in connection with rail line transportation not properly chargeable to other transportation accounts.

ITEMS OF EXPENSE

Amounts paid for switching empty cars otherwise than in connection with loaded movements or with the repairs to the equipment.
Amounts paid on account of bills of lading issued on fraudulent receipts.
Amounts paid to suspended transportation department employees covering periods of suspension.
Compensation for property loss incident to failure to stop at station to pick up passengers.
Demurrage accruing on a foreign line by reason of error of carrier's agent.
Extra drayage due to agent's error in routing interline shipment.
Fees paid arbitrators in wage disputes of transportation department employees.
Loss of station funds by burglary, when not covered by insurance.
Loss of train collections in holdup.
Overcharges paid foreign lines on account of error of the carrier's agent in routing and billing.
Pay and expenses of transportation department employees attending conferences with officers in connection with wage disputes.
Payments for switching on account of cars not passing inspection at junction points.
Penalties imposed under reciprocal demurrage laws for failure to furnish cars.
"Penalty switching" payments on account of improper delivery of cars to other carriers.

§ 10.412 *Operating joint tracks and facilities—Dr.* This account shall include the carrier's proportion of the transportation expenses incurred by others in the operation of joint tracks, interlockers,

and other facilities which are not provided for in account 390, "Operating joint yards and terminals—Dr."

NOTE A: The purpose of this account is to show the amount accruing against the carrier for its proportion of the cost of operating tracks and facilities (other than at joint yards and terminals) operated by others and in the joint use of which the carrier participates. (See § 10.04-9 *Joint facility accounts.*)

NOTE B: No portion of expenses chargeable by the operating carrier to accounts 392 to 403, inclusive, shall be included in this account.

§ 10.413 *Operating joint tracks and facilities—Cr.* This account shall include amounts chargeable to others as their proportions of transportation expenses incurred by the carrier in the operation of joint tracks, interlockers, and other facilities which are not provided for in account 391, "Operating joint yards and terminals—Cr."

NOTE A: The purpose of this account is to show the amounts accruing in favor of the carrier and against others for their proportions of the cost of operating tracks and facilities (other than at joint yards and terminals) operated by the carrier and in the joint use of which others participate. (See § 10.04-9 *Joint facility accounts.*)

NOTE B: No portion of expenses chargeable by the operating carrier to accounts 392 to 403, inclusive, shall be included in this account.

§ 10.414 *Insurance.* This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to rail line transportation; also premiums on fidelity bonds of employees whose pay is chargeable to rail line transportation. (See § 10.04-18 *Insurance.*)

NOTE: The premiums paid by the carrier to its insurance fund shall be credited to an insurance reserve account, to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies, and to it shall be credited all amounts recovered from insurance companies for damage to property reinsured by them.

§ 10.415 *Clearing wrecks.* This account shall include the cost of clearing wrecks other than wrecks of work trains.

(a) *Labor.* The wages of employees while engaged in connection with wrecking service, loading, and transferring contents of wrecked cars, building temporary tracks around wrecks, and removing such tracks.

(b) *Train service.* The cost of train service in connection with replacing wrecked equipment upon the tracks and transporting such equipment to shops for repairs, including amounts paid to other companies for service of locomotives, derricks, and other equipment and for wages of crews in wrecking service.

(c) *Other supplies and expenses.* Payments for reloading or transferring freight, express, baggage, and mail; transferring passengers and cost of provisions or board for men clearing up or watching at wrecks.

NOTE A: Expenses of clearing wrecks of work trains shall be included in the cost of the work in connection with which the wrecked train was engaged.

NOTE B: The cost of restoring roadbed and tracks to original condition after wrecks and the cost of repairing equipment damaged or destroyed by wrecks shall be charged to the appropriate accounts for maintenance of way and structures and maintenance of equipment.

NOTE C: That proportion of payments to other companies for use of locomotives, derricks, and other equipment in wrecking service which represents rent shall be included in the income accounts.

§ 10.416 *Damage to property.* This account shall include payments and expenses on account of damages to the property of others, whether by fire, collision, flood, or other cause, with the exception of payments and expenses on account of damage to property intrusted to the carrier for transportation, and for damage to stock on right of way. It shall include also fines or compensation paid for interference with the business of others, as by detention of vessels at drawbridges, or by blocking streets.

This account shall include also the pay, office rent, and office, traveling, and other expenses of employees and others engaged as claim adjusters or as witnesses in lawsuits in connection with damage to property cases, or engaged in detection of thieves; notarial fees paid in connection with such cases; and payments for or repairs of damage to equipment of other carriers, or to property contained therein, such carriers having trackage rights upon or grade crossings over the carrier's tracks.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A: Damage to livestock on right of way, and damage to freight and baggage intrusted for transportation, are provided for under accounts 417, "Damage to livestock on right of way"; 418, "Loss and damage—Freight"; and 419, "Loss and damage—Baggage."

NOTE B: Expenses incident to suits growing out of damage to property claims, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE C: The pay, office rent, and the traveling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims, shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account 450, "General."

§ 10.417 *Damage to livestock on right of way.* This account shall include payments on account of cattle and other livestock killed or injured while crossing or trespassing on the right of way, including cost of removing and burying the same.

There shall be included in this account also the pay and the traveling, office, and other expenses of employees and others engaged as livestock claim adjusters or engaged as witnesses in law-suits in connection with damage to livestock on right of way; also notarial fees in connection with claims for damage to livestock on right of way.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A: Expenses incident to suits growing out of livestock claims, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE B: The pay, office rent, and traveling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims, shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account 450, "General."

§ 10.418 *Loss and damage; freight.* This account shall include payments and expenses on account of loss, destruction, damage, or delays to revenue freight shipments, including locomotives and cars transported as freight, express matter, milk shipments, and livestock, and expenses incurred on account of such payments; also expenses on account of loss, destruction, or damage to shipments of company material.

This account shall also include the cost of repacking and boxing damaged freight shipments; notarial fees in connection with freight claims; freight charges paid other carriers on lost, destroyed, or damaged shipments; pay, traveling, office, and other expenses of employees or others engaged as freight-claim adjusters, as witnesses in lawsuits in connection with freight-claim cases, in selling damaged and unclaimed shipments, or in detecting thieves; rent of warehouses used for storage of damaged and astray freight shipments, payments for storage of such shipments in public warehouses, and interest and penalties assessed for nonpayment of freight claims.

Amounts received from the sale of astray and damaged freight shall be credited to this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A: Expenses incident to suits growing out of loss and damage (freight) claims, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE B: The pay, office rent, and traveling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account 450, "General."

§ 10.419 *Loss and damage; baggage.* This account shall include payments for loss, destruction, damage, or delays to baggage and other personal property

carried as baggage, and damage to personal apparel; also expenses on account of such loss or damage.

This account shall also include the cost of repacking and boxing damaged baggage; notarial fees in connection with baggage claims; baggage claim payments made to other carriers on lost, destroyed, damaged, or delayed shipments; pay, traveling, office, and other expenses of employees or others engaged as baggage claim adjusters, as witnesses in lawsuits in connection with baggage claim cases, in selling damaged and unclaimed baggage, or in detecting thieves; rent of warehouses used exclusively for storage of damaged and unclaimed baggage, payments for storage of such shipments in public warehouses, and interest and penalties assessed for nonpayment of claims.

Amounts received from the sale of astray and damaged baggage shall be credited to this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

NOTE A: Expenses incident to suits growing out of loss and damage (baggage) claims, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE B: The pay, office rent, and traveling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims, shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account 450, "General."

NOTE C: When a payment on account of injuries to passengers includes allowance for damage to personal apparel the damage allowance shall be included in this account when separable; otherwise in the appropriate personal injury account.

§ 10.420 *Injuries to persons.* This account shall include expenses on account of injuries to persons which occur directly in connection with transportation service, including damages for ejectment of passengers.

Services of employees and others called in consultation in relation to claim adjustments; pay and expenses of employees while engaged as witnesses at inquests and lawsuits, and a suitable proportion of donations made to hospitals, shall be included in this account.

This account shall also include amounts estimated to be sufficient to meet the probable liability of the carrier for unaudited expenses applicable thereto, except that it is not required to anticipate items which would not appreciably affect the account.

ITEMS OF EXPENSE

Artificial limbs.
Carriage fees.
Claim adjusters' and clerks' services.
Claim adjusters' office expenses.
Compensation for injuries or death.
Final judgments, including plaintiffs' court costs.
Funeral expenses.
Hospital attendance.
Medical and surgical services.
Medical and surgical supplies.
Notarial fees.
Nursing.
Railway transportation.
Undertakers' services.
Undertakers' supplies.
Witnesses' fees and expenses at inquests and lawsuits.

NOTE A: Expenses incident to personal injury suits, not otherwise provided for, shall be included in account 454, "Law expenses."

NOTE B: Amounts donated by a carrier to hospitals shall be distributed, 25 percent to account 274, "Injuries to persons"; 25 percent to account 332, "Injuries to persons"; and 50 percent to account 420, "Injuries to persons."

NOTE C: The pay, office rent, and traveling, office, and other expenses of claim adjusters, claim clerks, and others engaged in claim matters when not accurately assignable to a distinct class of claims, shall be apportioned equally among the several classes of claims over which they have jurisdiction or in connection with which they are engaged. This provision does not apply to the pay and expenses of general officers or general office employees whose pay is includible in general account 450, "General."

NOTE D: When a payment on account of injuries to persons includes allowances for damages to personal apparel, the damage allowance shall be included in account 419, "Loss and damage—Baggage," when separable; otherwise the entire payment shall be included in this account.

Miscellaneous Operations

§ 10.440 *Miscellaneous operations.* The primary accounts included in this general account are designed to show the expenses incurred in miscellaneous operations.

§ 10.441 *Dining and buffet service.* This account shall include the cost of operating dining and buffet service on trains and transfer boats. It shall include:

(a) *Superintendence.* The pay of officers directly in charge of operating dining and buffet service; the pay of their assistants, clerks, and office attendants; also the office, traveling, and other expenses of such officers and their employees.

(b) *Commissarial employees.* The pay of storekeepers, assistant storekeepers, clerks, porters, and other employees in commissiarial supply depots and storehouses.

(c) *Stewards.* The pay of stewards or conductors employed on dining and buffet cars and transfer boats.

(d) *Cooks and waiters.* The pay of cooks, waiters, and assistants on dining and buffet cars and transfer boats.

(e) *Fuel and supplies.* The cost of fuel for cooking purposes; of provisions, such as meats, groceries, vegetables, fish, table waters, ice, etc.; bar supplies, such as wines, liquors, beers, ales, etc.; cost of licenses; and cost of cigars, cigarettes, and tobacco.

(f) *Laundry.* Expenses for laundry work, such as laundering tablecloths, napkins, aprons, etc.

(g) *Stationery and printing.* The cost of stationary and printing used in connection with dining and buffet service.

(h) *Other expenses.* The cost of flowers and plants; cleaning the interior of cars; rent and cost of supplies for rooms furnished for dining and buffet service employees; and such other expenses in connection with the operation of dining and buffet service as are not provided for elsewhere.

NOTE: When officers have immediate supervision over dining and buffet service and other operations their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

§ 10.442 *Hotels and restaurants.* This account shall include the cost of operating hotels, restaurants, and lunch counters when the cost of the operated property is includible in the road and equipment accounts. It shall include:

(a) *Superintendence.* The pay of officers directly in charge of operating hotels, restaurants, and lunch counters; pay of their clerks and office attendants; also the office, traveling, and other expenses of such officers.

(b) *Employees.* The pay of stewards, hotel keepers, storekeepers, checkers, linen clerks, butchers, chefs, cooks, kitchen help, maids, porters, elevator men, call boys, hat and cloak attendants, waiters, waitresses, laundresses, engineers, firemen, and other employees engaged in operating hotels, restaurants, and lunch counters.

(c) *Fuel and supplies.* The cost of fuel for cooking and heating purposes; provisions, such as meats, groceries, vegetables, fish, table waters, ice, etc.; bar supplies, such as wines, liquors, beers, ales, etc.; the cost of liquor licenses; the cost of tobacco, cigars, cigarettes, etc.; and miscellaneous supplies for operating the service.

(d) *Stationery and printing.* The cost of stationery and printing used in connection with the operation of hotels and restaurants.

(e) *Other expenses.* The cost of lighting, and other items of expense not otherwise provided for in this account.

NOTE: When officers have immediate supervision over hotels, restaurants, and lunch counters and other operations their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

§ 10.443 *Grain elevators.* This account shall include the cost of operating grain elevators other than small elevators which are classed as station facilities. It shall include:

(a) *Superintendence.* The pay of officers directly in charge of grain-elevator service; the pay of their assistants, clerks, and office attendants; also the office, traveling, and other expenses of such officers and their employees.

(b) *Employees.* The pay of engineers, firemen, foremen, machine men, oilers, millwrights, carpenters, trimmers, weighers, spout men, sweepers, laborers, watchmen, and all other employees engaged in operating grain elevators.

(c) *Fuel and supplies.* The cost of fuel for power, heating, and lighting plants; power for heating, lighting, and operating machinery; and water, ice, oil, waste, and other supplies for operating such property.

(d) *Stationery and printing.* The cost of stationery and printing used in connection with the operation of grain elevators.

(e) *Other expenses.* The cost of grain used to make up shortage in elevators; rent for and repairs of rented offices; and other operating expenses not otherwise provided for in this account.

NOTE. When officers have immediate supervision over grain elevators and other operations their pay, office, and other expenses, also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

§ 10.445 *Producing power sold.* This account shall include the cost of operating power plants, substations, transmission systems and distribution systems, for the production of power sold.

The proportion of the cost assignable to the production of the power sold only shall be included in this account.

This account shall include:

(a) *Superintendence.* The pay of officers directly in charge of power plants, substations, transmission systems and distribution systems; pay of their clerks and office attendants; also the office, traveling, and other expenses of such officers and employees.

(b) *Employees.* The pay of foremen, subforemen, engineers, firemen, electricians, system operators or load dispatchers, dynamo tenders, foremen regulators, regulators and assistants, switchboard men, brush men, oilers, wipers, wiremen, and others engaged in the operation of power plant and substation apparatus and devices.

(c) *Fuel.* The cost of fuel used in the production of power and for heating power plants.

(d) *Other supplies.* The cost of water, lubricants, and other power plant and substation supplies.

(e) *Stationery and printing.* The cost of stationery and printing used in connection with producing power sold.

(f) *Other expenses.* The items of expense not otherwise provided for in this account.

NOTE: When officers have immediate supervision over producing power sold and other operations, their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

§ 10.446 *Other miscellaneous operations.* This account shall include the operations of facilities such as cold-storage plants; coal-storage plants; cotton-compress plants; wood-preserving plants; ice-supply plants, etc., when the cost of the facilities is includible in the road and equipment accounts and they are operated by the railway companies.

NOTE: When officers have immediate supervision over other miscellaneous service and other operations, their pay, office, and other expenses, as also the pay, office, and other expenses of their assistants, clerks, and office attendants, shall be equitably apportioned to the accounts appropriate to the operations over which they have supervision.

§ 10.447 *Operating joint miscellaneous facilities—Dr.* This account shall include the carrier's proportion of such costs as are incurred by others in their operation of joint facilities which are chargeable by them to accounts 442, "Hotels and restaurants," 443, "Grain elevators," 445, "Producing power sold," or 446, "Other miscellaneous operations."

§ 10.448 *Operating joint miscellaneous facilities—Cr.* This account shall include amounts chargeable to others as their proportions of such costs as are incurred by the carrier in its operation of joint facilities which are chargeable by it to accounts 442, "Hotels and restaurants," 443, "Grain elevators," 445, "Producing power sold," or 446, "Other miscellaneous operations."

General

§ 10.450 *General.* The primary accounts included in this general account are designed to show the expenses incurred of a general character not chargeable to the preceding general accounts, such as those for general administration and accounting, and those of the financial, law, real estate, tax, and claim departments.

NOTE: Directly assignable organization and administration expenses incident to investments in leased or nonoperating physical property, and in stocks, bonds, and other securities, are chargeable to income account 549, "Maintenance of investment organization."

§ 10.451 *Salaries and expenses of general officers.* This account shall include:

(a) *Salaries.* The pay of all general officers not otherwise provided for, including salaries and fees of receivers and commissions paid to general officers in lieu of salaries.

LIST OF OFFICERS

Chairman of the board.
President.
Assistant to president.
Vice president.
Assistant to vice president.
Secretary.
Assistant secretary.
Transfer agent.
Treasurer.
Assistant treasurer.
Local treasurer.
Comptroller.
Assistant comptroller.
General auditor.
Auditor.
Assistant auditor.
Auditor of revenues.
Auditor of passenger accounts.
Assistant auditor of passenger accounts.
Auditor of freight accounts.
Assistant auditor of freight accounts.
Auditor of station accounts.
Auditor of disbursements.
Assistant auditor of disbursements.
Auditor of miscellaneous accounts.
Assistant auditor of miscellaneous accounts.
Auditor of coal and coke accounts.
Freight claim agent.
Assistant freight claim agent.
General accountant.
Real-estate agent.
Assistant real-estate agent.
Tax commissioner.

(b) *Expenses.* The traveling and other expenses of officers whose pay is included in this account, including supplies for business cars used by them, cost of running official trains for them, and cost of membership fees and dues in railway and other associations.

NOTE A: When officers' duties are restricted to a single department, their salaries and expenses shall be charged to that department in the accounts for superintendence or for law expenses, as may be appropriate. When officers have immediate supervision over more than one department, their salaries and expenses shall be apportioned equitably among the departments over which they have jurisdiction.

NOTE B: The pay and expenses of the purchasing agent, assistant purchasing agent, assistant to purchasing agent, general storekeeper, division storekeeper, their clerks and attendants, shall be charged through clearing accounts "Material store expenses" and "Stationery store expenses," or material account "Fuel," as may be appropriate.

§ 10.452 *Salaries and expenses of clerks and attendants.* This account shall include the pay and expenses of clerks and attendants of the officers whose salaries are includible in account 451, "Salaries and expenses of general officers."

(a) *Pay of clerks.* The pay of persons employed in accounting and clerical service.

LIST OF EMPLOYEES

Cashiers.
Chief accountants.
Chief clerks.
Clerks.
Inspectors.
Mail clerks.
Paymasters.
Postmasters.
Route agents.
Special agents.
Stenographers.
Ticket receivers.
Traveling accountants.
Traveling auditors.

(b) *Pay of attendants.* The pay of persons employed in attendance at general offices and on business cars.

LIST OF EMPLOYEES

Bank messengers.
Chauffeurs.
Cleaners.
Cooks.
Drivers of service wagons.
Elevator operators.
Engineers.
Firemen.
Janitors.
Messengers.
Porters.
Pump men.
Stablemen.
Superintendent of general office building.
Telegraph operators
Telephone operators
Ushers.
Waiters.
Watchmen.

(c) *Expenses.* The traveling and other expenses of employees designated above, including the cost of supplies for business cars and cost of running official trains for them.

§ 10.453 *General office supplies and expenses.* This account shall include the office expenses of officers designated in account 451, "Salaries and expenses of general officers."

ITEMS OF EXPENSE AND SUPPLIES

Alterations of partitions and fixtures in general offices.
Atlases and maps.
Books for office use.
Cable tolls.
Cleaning.
Express charges.
Furniture repairs and renewals.
Heating.
Lighting.
Local messenger service.
Periodicals and newspapers.
Rent of general offices.
Rent of tabulating machines.
Repairs of rented general offices.
Reports of commercial standings.
Service of automobiles.

Telegraph service.
Telephone service.
Watchmen service.

NOTE: The proportion of general office expenses occasioned by the law department shall be included in account 454, "Law expenses."

§ 10.454 *Law expenses.* This account shall include the pay and the office and other expenses, when not provided for elsewhere, of officers and employees of the law department, the cost of suits, and the payments of special law fees.

LIST OF OFFICERS AND EMPLOYEES

General counsel.
General solicitor.
Assistant counsel.
Solicitor.
Commerce counsel.
Commerce agent.
Special counsel.
Statutory attorney.
Attorney.
Counsel.
Law agent.
Clerks.
Office attendants.

ITEMS OF EXPENSE AND SUPPLIES

Arbitrators' services in settlement of disputed questions.
Cost of taking depositions.
Cost of testimony.
Cost of suits.
Court bonds.
Court expenses.
Drawing and recording agreements as to trackage rights, etc.
Express charges.
Fees and retainers of attorneys (not regular employees).
Law books.
Legal forms.
Legal reports.
Membership fees and dues in associations to protect carriers against litigation in respect to patents.
Membership fees and dues in law associations.
Notarial fees not provided for elsewhere.
Office expenses.
Printing of briefs, testimony, and reports.
Proportion of general office expenses.
Rent of offices.
Special fees.
Telegraph service.
Telephone service.
Traveling expenses.
Witness fees not provided for elsewhere.

§ 10.455 *Insurance.* This account shall include premiums, except reinsurance premiums, for insuring the carrier against loss, through injuries to persons or damage to or destruction or loss of property, whether caused by fire, accident, or other cause, when such loss to the carrier would be chargeable to general account 450, "General"; also premiums on fidelity bonds of officers and employees whose pay is chargeable to general account 450, "General." (See § 10.04–18 *Insurance.*)

NOTE: The premiums paid by the carrier to its insurance fund shall be credited to an insurance account, to which account shall be charged the amount of all claims for injuries to persons and damages to the property covered by its insurance. To such account shall also be charged all reinsurance premiums paid to insurance companies, and to it shall be credited all amounts recovered from insurance companies for damage to the property reinsured by them.

§ 10.456 *Relief department expenses.* This account shall include salaries and expenses incurred in connection with conducting relief departments; also contributions to such departments.

§ 10.457 *Pensions and gratuities.* (a) Except as hereafter provided, this account shall include pensions paid currently to retired employees and the expenses incurred solely in connection therewith. It shall also include gratuities paid to the families or heirs of employees; amounts paid currently to insurance companies or to trustees to provide annuities for retired employees (see note); and premiums paid on insurance policies for employees where the carrier is not a beneficiary.

NOTE: The initial payments to insurance companies or to trustees for prior services of employees shall be charged to account 621, "Miscellaneous debits."

(b) A carrier may account for pensions on an accrual basis provided it has established a retirement plan whereby it definitely agrees to pay pensions to its retired employees. If the carrier elects to adopt the accrual plan, this account shall be charged and account 771, "Pension and welfare reserves," credited each month with amounts representing benefits currently accruing under the plan and borne by the carrier. Contributions by employees shall be credited direct to account 771, and pension payments shall be charged to the same account. Before adopting the accrual plan for pensions, the carrier shall inform the Commission of the details of its pension plan. No charges shall be made to this account in anticipation of discretionary pension payments in the future.

§ 10.458 *Stationery and printing.* This account shall include the cost of stationery and printing used in general offices and not chargeable to other accounts, including the cost of printing annual reports, contracts, leases, stock certificates, and passes.

STATIONERY AND PRINTING ITEMS

Adding machines.
Addressographs and supplies.
Arm rests.
Binders.
Blank books.
Blotters.
Blotting paper.
Bristol board.
Calculating machines.
Calendars.
Carbon paper.
Cardboard.
Cards, blank and printed.
Circulars.
Computing tables.
Copy (impression) books.
Copying brushes.
Copying presses.
Crayons.
Cyclostyles.
Dating stamps and ribbons.
Dictaphones.
Dictographs.
Drawing paper.
Duplicator.
Electric pens.
Envelopes.
Erasers, rubber and steel.
Eyelet punches.
Eyelets.
File boxes, paper.
Forms, blank and printed.
Glass pens.
Hectographs.
Indexes.
Ink for writing and drawing.
Inkstands.
Invoice books.
Legal cap paper.
Letter paper.
Manifold paper.
Manifold pens.
Mimeographs.
Mucilage.
Mucilage brushes.
Neostyles.
Note paper.
Notices.
Numbering stamps.
Oil paper.
Paper.
Paper baskets.
Paper clips.
Paper cutters.
Paper fasteners.
Paper files.
Paper weights.
Papyrographs.
Parchment paper.
Passes.
Pay checks.
Pencil sharpeners.
Pencils for writing and drawing.
Penholders.
Penracks.
Pens for writing and drawing.
Phonographs and records.
Pins.
Postage.
Punches (not conductors' or baggagemen's).
Rubber bands.
Rubber stamps.
Rulers.
Ruling pens.
Scrapbooks.
Sealing wax.
Seals.
Shears.
Shipping tags.
Shorthand notebooks.
Sponge cups.
Sponges.
Stamps.
Stamps, impression.
Stylographs.
Tablets, blank and printed.
Tape.
Telegraph blanks.
Tissue (impression) paper.
Tracing cloth.
Tracing paper.
Twine.
Typewriters and ribbons.
Wage tables.
Wastebaskets.
Water colors.
Water holders.
Wrapping paper.
Wringers for copying presses.

NOTE A: The cost of printing briefs, legal forms, testimony, reports, etc., for the law department is chargeable to account 454, "Law expenses."

NOTE B: The cost of printing bonds, etc., in connection with the carrier's funded debt shall be included in balance-sheet account 742, "Unamortized discount on long-term debt."

§ 10.459 *Valuation expenses.* This account shall include expenses incident to the ascertainment (in accordance with the Act to Regulate Commerce as amended March 1, 1913, or with other Federal or State requirements) of the value of property owned or used by the carrier, such expenses including pay, and office, traveling, and other expenses of officers specially employed or assigned to such work, and of their assistants, clerks, and attendants, and the cost of stationery and printing, and of engineering supplies consumed.

NOTE: No charge shall be made to this account for the salaries of officers or of their clerks and attendants for incidental services in connection with valuation work; but special office, clerical, traveling, and incidental expenses incurred by these officers on account of such work shall be included as a part of the cost of the work.

§ 10.460 *Other expenses.* This account shall include incidental general expenses which are not properly chargeable to any of the foregoing accounts.

ITEMS OF EXPENSE

Cost of draping buildings.
Cost of publishing annual reports in newspapers, and other corporate and financial notices of general character.
Cost of publishing notices of stockholders' meetings and of election of directors.
Donations on account of catastrophes, epidemics, etc.
Donations to local fire departments.
Donations to Y. M. C. A., and similar institutions.
Exchange on checks cashed or deposited.
Exchange on drafts bought.
Fees and expenses paid to directors and trustees.
Loss through payment of wages to a wrong person.
Penalties assessed for nonpayment of claims for overcharges.

§ 10.461 *General joint facilities—Dr.* This account shall include the carrier's proportions of general expenses incurred by others incident to maintaining and operating tracks, yards, terminals, and other facilities used jointly.

NOTE: The purpose of this account is to show the amount accruing against the carrier for its proportion of the expense of general administration of tracks, yards, termi-

nals and other facilities administered by others, and in the joint use of which the carrier participates. (See § 10.04-9 *Joint, facility accounts.*)

§ 10.462 *General joint facilities—Cr.* This account shall include amounts chargeable to others as their proportions of general expenses incurred by the carrier incident to maintaining and operating tracks, yards, terminals, and other facilities used jointly.

NOTE: The purpose of this account is to show the amounts accruing in favor of the carrier and against others for their proportions of the expense of general administration of tracks, yards, terminals, and other facilities administered by the carrier, and in the joint use of which others participate. (See § 10.04-9 *Joint facility accounts.*)

Condensed Classification of Operating Expenses

§ 10.480 *Accounts for small carriers, Class II.* See provisions of § 10.04-1 *Accounts for operating expenses.* The condensed groupings of accounts for Class II small carriers are as follows:

CONDENSED CLASSIFICATION OF OPERATING EXPENSES

Accounts for Small Carriers—Class II	*Accounts for Large Carriers—Class I*
Maintenance of Way and Structures	200. Maintenance of Way and Structures
2201. Superintendence.	201. Superintendence.
2202. Roadway maintenance.	202. Roadway maintenance. 206. Tunnels and subways. 208. Bridges, trestles and culverts. 210. Elevated structures. 212. Ties. 214. Rails. 216. Other track material. 218. Ballast. 220. Track laying and surfacing. 221. Fences, snowsheds and signs. 247. Communication systems. 249. Signals and interlockers. 272. Removing snow, ice, and sand.
2203. Maintaining structures.	227. Station and office buildings. 229. Roadway buildings. 231. Water stations. 233. Fuel stations. 235. Shops and enginehouses. 237. Grain elevators. 239. Storage warehouses. 241. Wharves and docks. 243. Coal and ore wharves. 253. Power plants. 257. Power-transmission systems. 265. Miscellaneous structures.
2203½. Retirements—Road.	267. Retirements—Road.
2204. Dismantling retired road property.	270. Dismantling retired road property.
2205. Equalization—Way and structures.	280. Equalization—Way and structures.
2208. Road property—Depreciation.	266. Road property—Depreciation.
2209. Other maintenance of way expenses.	269. Roadway machines. 271. Small tools and supplies. 273. Public improvements—Maintenance. 274. Injuries to persons. 275. Insurance. 276. Stationery and printing. 277. Other expenses. 281. Right-of-way expenses.
2210. Maintaining joint tracks, yards, and other facilities—Dr.	278. Maintaining joint tracks, yards, and other facilities—Dr.
2211. Maintaining joint tracks, yards, and other facilities—Cr.	279. Maintaining joint tracks, yards, and other facilities—Cr.

Accounts for Small Carriers—Class II—Con.	*Accounts for Large Carriers—Class I—Con.*
Maintenance of Equipment	300. Maintenance of Equipment
2221. Superintendence.	301. Superintendence.
2222. Repairs to shop and power-plant machinery.	302. Shop machinery. 304. Power-plant machinery.
2223. Shop and power-plant machinery—Depreciation.	305. Shop and power-plant machinery—Depreciation.
2224. Dismantling retired shop and power-plant machinery.	306. Dismantling retired shop and power-plant machinery.
2225. Locomotive repairs.	308. Steam locomotives—Repairs. 311. Other locomotives—Repairs.
2226. Car repairs.	314. Freight-train cars—Repairs. 317. Passenger-train cars—Repairs.
2227. Other equipment repairs.	323. Floating equipment—Repairs. 326. Work equipment—Repairs. 328. Miscellaneous equipment—Repairs.
2228. Dismantling retired equipment.	329. Dismantling retired equipment.
2229. Retirements—Equipment.	330. Retirements—Equipment.
2231. Equalization—Equipment.	338. Equalization—Equipment.
2234. Equipment—Depreciation.	331. Equipment—Depreciation.
2235. Other equipment expenses.	332. Injuries to persons. 333. Insurance. 334. Stationery and printing. 335. Other expenses.
2236. Joint maintenance of equipment expenses—Dr.	336. Joint maintenance of equipment expenses—Dr.
2237. Joint maintenance of equipment expenses—Cr.	337. Joint maintenance of equipment expenses—Cr.
Traffic	350. Traffic
2240. Traffic expenses.	351. Superintendence. 352. Outside agencies. 353. Advertising. 354. Traffic associations. 355. Fast freight lines. 356. Industrial and immigration bureaus. 357. Insurance. 358. Stationery and printing. 359. Other expenses.
Transportation—Rail Line	370. Transportation—Rail Line
2241. Superintendence and dispatching.	371. Superintendence. 372. Dispatching trains.
2242. Station service.	373. Station employees. 374. Weighing, inspection and demurrage bureaus.
2243. Yard employees.	375. Coal and ore wharves. 376. Station supplies and expenses. 377. Yardmasters and yard clerks. 378. Yard conductors and brakemen. 379. Yard switch and signal tenders. 380. Yard enginemen.
2244. Yard switching fuel.	382. Yard switching fuel.
2245. Miscellaneous yard expenses.	383. Yard switching power produced. 384. Yard switching power purchased. 385. Water for yard locomotives. 386. Lubricants for yard locomotives. 387. Other supplies for yard locomotives. 388. Enginehouse expenses—Yard. 389. Yard supplies and expenses.

Accounts for Small Carriers—Class II—Con.	*Accounts for Large Carriers—Class I*—Con.
Transportation—Rail Line	370. Transportation—Rail Line
2246. Operating joint yards and terminal—Dr.	390. Operating joint yards and terminals—Dr.
2247. Operating joint yards and terminals—Cr.	391. Operating joint yards and terminals—Cr.
2248. Train employees.	392. Train enginemen. 401. Trainmen.
2249. Train fuel.	394. Train fuel.
2251. Other train expenses.	395. Train power produced. 396. Train power purchased. 397. Water for train locomotives. 398. Lubricants for train locomotives. 399. Other supplies for train locomotives. 400. Enginehouse expenses—Train. 402. Train supplies and expenses. 403. Operating sleeping cars.
2252. Injuries to persons.	420. Injuries to persons.
2253. Loss and damage.	418. Loss and damage—Freight. 419. Loss and damage—Baggage.
2254. Other casualty expenses.	414. Insurance. 415. Clearing wrecks. 416. Damage to property. 417. Damage to livestock on right of way.
2255. Other rail transportation expenses.	404. Signal and interlocker operations. 405. Crossing protection. 406. Drawbridge operation. 407. Communication system operation. 408. Operating floating equipment. 410. Stationery and printing. 411. Other expenses.
2256. Operating joint tracks and facilities—Dr.	412. Operating joint tracks and facilities—Dr.
2257. Operating joint tracks and facilities—Cr.	413. Operating joint tracks and facilities—Cr.
Miscellaneous Operations	440. Miscellaneous Operations
2258. Miscellaneous operations.	441. Dining and buffet service. 442. Hotels and restaurants. 443. Grain elevators. 445. Producing power sold. 446. Other miscellaneous operations.
2259. Operating joint miscellaneous facilities—Dr.	447. Operating joint miscellaneous facilities—Dr.
2260. Operating joint miscellaneous facilities—Cr.	448. Operating joint miscellaneous facilities—Cr.
General	450. General
2261. Administration.	451. Salaries and expenses of general officers. 452. Salaries and expenses of clerks and attendants.
2262. Insurance	453. General office supplies and expenses. 454. Law expenses. 455. Insurance.
2263. Valuation expenses.	459. Valuation expenses.
2264. Other general expenses.	456. Relief department expenses. 457. Pensions and gratuities. 458. Stationery and printing. 460. Other expenses.
2265. General joint facilities—Dr.	461. General joint facilities—Dr.
2266. General joint facilities—Cr.	462. General joint facilities—Cr.

INCOME ACCOUNTS

CREDIT

§ 10.501 *Railway operating revenues.* This account shall include the total revenues derived from operations as shown in the primary revenue accounts provided in this part.

§ 10.502 *Revenues from miscellaneous operations.* This account shall include the total revenues derived from the operation of miscellaneous operating physical property, such as that the cost of which is includible in balance-sheet account 737, "Miscellaneous physical property."

NOTE: The income from miscellaneous nonoperating physical property shall be included in account 511, "Income from nonoperating property."

§ 10.503 *Hire of freight cars; credit balance.* This account shall include, except as provided in the texts of accounts 509, "Income from lease of road and equipment," and 542, "Rent for leased roads and equipment," the net credit balance of (a) amounts receivable accrued for the use of the accounting company's freight cars leased or interchanged, and (b) amounts payable accrued for the use of the freight cars of others, leased or interchanged.

NOTE A: If the net balance is a debit, it shall be included in account 536, "Hire of freight cars—Debit balance."

NOTE B: Rent for freight cars included in the lease of road to another company shall be included in account 509, "Income from lease of road and equipment."

NOTE C: Rents paid for freight cars used in construction work-train service are chargeable to the cost of the work.

§ 10.504 *Rent from locomotives.* This account shall include, except as provided in the text of account 509, "Income from lease of road and equipment," amounts receivable accrued as rent for the use of the accounting company's locomotives leased or interchanged. (See Note C to account 708, "Interest and dividends receivable.")

NOTE: Rent for locomotives included in lease of road to another company shall be included in account 509, "Income from lease of road and equipment."

§ 10.505 *Rent from passenger-train cars.* This account shall include, except as provided in the text of account 509, "Income from lease of road and equipment," amounts receivable accrued as rent for the use of the accounting company's passenger-train cars leased or interchanged. (See Note C, to account 708, "Interest and dividends receivable.")

NOTE: Rent for passenger-train cars included in lease of road to another company shall be included in account 509, "Income from lease of road and equipment."

§ 10.506 *Rent from floating equipment.* This account shall include, except as provided in the text of account 509, "Income from lease of road and equipment," amounts receivable accrued as rent for the use of the accounting company's floating equipment leased or chartered. (See Note C to account 708, "Interest and dividends receivable.")

NOTE: Rent from floating equipment included in lease of road to another company shall be included in account 509, "Income from lease of road and equipment."

§ 10.507 *Rent from work equipment.* This account shall include, except as provided in the text of account 509, "Income from lease of road and equipment," amounts receivable accrued as rent for the use of the accounting company's work equipment leased or interchanged. (See Note C to account 708, "Interest and dividends receivable.")

NOTE: Rent for work equipment included in lease of road to another company shall be included in account 509, "Income from lease of road and equipment."

§ 10.508 *Joint facility rent income.* This account shall include amounts receivable accrued for rent of equipment, tracks, yards, terminals, and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals.

Amounts receivable from other companies in reimbursement for taxes on property jointly used shall be credited to this account.

NOTE: The portion of the cost of maintenance, operation, or administration of joint facilities recoverable from others shall be credited to the various joint facility accounts provided for operating expenses. When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned by the creditor between this account and the appropriate joint facility operating expense accounts.

§ 10.509 *Income from lease of road and equipment.* This account shall include the entire amount receivable accrued for the exclusive use of road, tracks, or bridges (including equipment or other railway property covered by the contract) the rented property being owned or controlled by the accounting company, whether payable to the accounting company in cash or disbursed by the lessee on behalf of the accounting company as interest on funded debt, guaranteed dividends on stock, or other-

wise. (See Note C to account 708, "Interest and dividends receivable.")

When the lessor company maintains the road and equipment leased, the cost of maintaining the property rented shall be charged to this account, except that when the rent thus receivable for the use of property other than equipment is relatively small and the expense of maintenance is not separable, the entire amount received may be credited to revenue account 142, "Rents of buildings and other property."

If, under the terms of a lease, the deficit, or any portion of it, resulting from the lessee company's operations of the property leased is payable by the lessor company, the amount thus payable shall be charged to this account by the lessor.

NOTE A: When taxes on leased property are assumed by the lessor, the accruals of such taxes shall be included in the lessor's account 532, "Railway tax accruals."

NOTE B: If property the rent of which is chargeable to account 542, "Rent for leased roads and equipment," is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

NOTE C: When specific charges against the lessee are made by the lessor for repairs of equipment which is actually maintained by it the amount of such charges shall be appropriately credited by the lessor to its equipment repair accounts and charged by the lessee to the corresponding accounts.

§ 10.510 *Miscellaneous rent income.* This account shall include such rents of property owned and controlled by the accounting carrier as are not provided for in the foregoing accounts.

To this account shall be charged the cost of maintenance of the property rented, also specific incidental expenses in connection with such property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, and analogous items.

NOTE A: If property the rent of which is chargeable to account 543, "Miscellaneous rents," is sublet by the accounting company, the rent receivable therefor shall be credited to this account.

NOTE B: Taxes on property the rent of which is creditable to this account shall be charged to account 532, "Railway tax accruals."

NOTE C: The rent from property carried in balance-sheet account 737, "Miscellaneous physical property," shall not be included in this account, but in account 511, "Income from nonoperating property."

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

§ 10.511 *Income from nonoperating property.* This account shall include the net credit balance of the nonoperating revenues or income from, and the expenses (including depreciation, but excluding taxes) of, physical property the cost of which is carried in balance-sheet account 737, "Miscellaneous physical property."

NOTE A: Net debit balances in this account shall be shown in red ink.

NOTE B: The revenues from the operation of miscellaneous operating physical property shall be included in income account 502, "Revenues from miscellaneous operations," and the expenses of operation shall be included in account 534, "Expenses of miscellaneous operations."

§ 10.512 *Separately operated properties; profit.* This account shall include amounts receivable under the terms of agreements or contracts whereby the surplus resulting from the operation by others of properties of other companies having a separate corporate existence is to be paid, in whole or in part, to the accounting company.

In determining the amount receivable by the accounting company, consideration shall be given not only to the operating revenues and operating expenses but also to other items of income or deduction which affect that amount.

NOTE A: The amount payable by the operating company shall be charged by it to account 550, "Income transferred to other companies."

NOTE B: Dividends or other returns upon securities issued by separately operated companies, and held or controlled by the accounting company, shall be included in accounts 513, "Dividend income"; 514, "Interest income"; or 516, "Income from sinking and other reserve funds," as may be appropriate.

§ 10.513 *Dividend income.* This account shall include dividends declared on railway and other stocks, the income from which is the property of the accounting company, whether such stocks are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise.

Dividends declared shall not be credited prior to actual collection unless their payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise. (See Note C to account 708, "Interest and dividends receivable.")

Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

NOTE A: This account shall not include credits for dividends on stocks issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE B: Dividends on stocks of other companies held in sinking or other reserve funds shall be credited to account 516, "Income from sinking and other reserve funds."

§ 10.514 *Interest income.* This account shall include the interest on securities and debenture stock of other companies, the income from which is the property of the accounting company, whether such securities are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise.

It shall include also, interest on notes and other evidences of indebtedness and interest on bank balances, open accounts, and other analogous items, including discount on short-term notes. Interest accrued shall not be credited prior to actual collection unless its payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise. (See Note C to account 708, "Interest and dividends receivable.")

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on securities of other companies owned (other than short-term notes). Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried. The discount on short-term notes shall be distributed through equal monthly credits, over the terms of the notes.

NOTE A: This account shall not include interest on securities issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds.

NOTE B: Interest on securities other than those of the accounting company, and on other assets held in sinking or other reserve funds shall be included in account 516, "Income from sinking and other reserve funds."

NOTE C: Discount on bills for material purchased shall be credited to the accounts to which is charged the cost of the material with respect to which the discount is allowed.

§ 10.516 *Income from sinking and other reserve funds.* This account shall include the income accrued on cash, securities, and other assets (not including securities issued or assumed by the accounting company) held in sinking and other reserve funds. (See Note C to account 708, "Interest and dividends receivable.")

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities held in sinking or other reserve funds. Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried.

NOTE: Credits to fund reserve accounts representing income on reserve funds shall be concurrently charged to account 552, "Income applied to sinking and other reserve funds."

§ 10.517 *Release of premiums on funded debt.* This account shall include, during each fiscal period, such proportion of the premiums on outstanding funded debt as may be applicable to the period. This proportion shall be determined in accordance with § 10.08-3 *Discount, expense, and premium on funded debt.*

§ 10.518 *Contributions from other companies.* This account shall include amounts received or receivable from other companies or individuals, representing the whole or a part of the net deficit of the accounting company when, under the terms of agreements or contracts, no obligation for subsequent reimbursement is incurred.

In determining the amount receivable by the accounting company, consideration shall be given not only to the operating revenues and operating expenses, but also to other items of income or deduction which affect that amount.

NOTE: The amount payable shall be charged by the contributing company to account 545, "Separately operated properties—Loss."

§ 10.519 *Miscellaneous income.* This account shall include all items, not provided for elsewhere, properly creditable to income account during the fiscal period.

§ 10.520 *Delayed income credits.* This account shall include delayed credit items and adjustments for which no provision has previously been made, relating to operating revenues, operating expenses, and income arising during the current year which are applicable to prior years and which are relatively so large that their inclusion in the appropriate accounts of the current year would seriously distort the accounts for the year.

NOTE: All entries in this account shall be made in such detail as will indicate the operating-revenue, operating-expense or income accounts to which they relate.

DEBIT

§ 10.531 *Railway operating expenses.* This account shall include the total expenses caused by operations, as shown in the primary expense accounts provided in these regulations.

§ 10.532 *Railway tax accruals.* This account shall include accruals for taxes of all kinds (including Federal income tax) relating to railway property (including floating equipment, if any), operations, and privileges, whether based upon the valuation of the property, amount of stocks and bonds or other evidences of debt issued or outstanding; gross or net earnings, dividends declared, number of passengers carried, quantity of freight transported, length of line operated or owned, rolling stock operated or owned, or other basis; also taxes for issuing and recording mortgages and trust deeds and for issuing bonds or other evidences of long-term debt.

The taxes on leased property shall be included in this account by the carrier obligated to assume such expenses under the terms of the lease.

NOTE A: Taxes on leased property paid by one party to the lease and chargeable to the other party to the lease shall be charged directly to the party bearing the expense and not included in the income account of the party first making payment.

NOTE B: Taxes on other than railway property, operations, and privileges shall be charged to account 544, "Miscellaneous tax accruals," when the amount is separable from the taxes chargeable to this account.

NOTE C: Special assessments for street and other improvements, and special benefit taxes, such as water taxes and the like, shall be included in operating expense accounts or investment accounts, as may be appropriate.

NOTE D: Amounts received in reimbursement of taxes on property jointly used shall be credited to account 508, "Joint facility rent income." Amounts paid in reimbursement of such taxes shall be charged to account 541, "Joint facility rents."

NOTE E: Taxes accruing on new lines under construction or on property acquired for the extension of existing lines or for addition or betterment purposes before the facilities are opened for commercial operation or the property acquired becomes available for service shall be charged to road and equipment accounts.

§ 10.534 *Expenses of miscellaneous operations.* This account shall include the total expenses caused by the operation of miscellaneous physical property the cost of which is includible in balance-sheet account 737, "Miscellaneous physical property."

NOTE: The expenses of miscellaneous nonoperating physical property shall be included in account 511, "Income from nonoperating property."

§ 10.535 *Taxes on miscellaneous operating property.* This account shall include accruals of taxes paid or payable upon miscellaneous operating property, such as that the cost of which is includible in account 737, "Miscellaneous physical property."

NOTE: Taxes upon miscellaneous nonoperating physical property shall be included in account 544, "Miscellaneous tax accruals."

§ 10.536 *Hire of freight cars; debit balance.* This account shall include, except as provided for in the classification for investment in road and equipment and in the texts of accounts 509, "Income from lease of road and equipment," and 542, "Rent for leased roads and equipment," the net debit balance of (a) amounts receivable accrued for the use of the accounting company's freight cars leased or interchanged, and (b) amounts payable accrued for the use of the freight cars of others, leased or interchanged.

NOTE A: If the net balance is a credit, it shall be included in account 503, "Hire of freight cars—Credit balance."

NOTE B: Rent for freight cars included in the lease of road to the accounting company shall be included in account 542, "Rent for leased roads and equipment."

NOTE C: Interest accrued on equipment obligations shall be charged to account 546, "Interest on funded debt."

NOTE D: Rents paid for freight cars used in construction work-train service are chargeable to the cost of the work.

§ 10.537 *Rent for locomotives.* This account shall include amounts payable accrued for the use of the locomotives of others, leased or interchanged, except as provided for in the classification for investment in road and equipment and in the text of account 542, "Rent for leased roads and equipment."

NOTE A: The rent for locomotives included in the lease of road to the accounting company shall be included in account 542, "Rent for leased roads and equipment."

NOTE B: Interest accrued on equipment obligations shall be charged to account 546, "Interest on funded debt."

NOTE C: Rent paid for locomotives used in construction work-train service is chargeable to the cost of the work.

§ 10.538 *Rent for passenger-train cars.* This account shall include amounts payable accrued for the use of the passenger-train cars of others, leased or interchanged, except as provided for in the classification for investment in road and equipment and in the text of account 542, "Rent for leased roads and equipment."

NOTE A: The rent for passenger-train cars included in the lease of road to the accounting company shall be included in account 542, "Rent for leased roads and equipment."

NOTE B: Interest accrued on equipment obligations shall be charged to account 546, "Interest on funded debt."

§ 10.539 *Rent for floating equipment.* This account shall include amounts payable accrued for the use of the floating equipment of others, leased or chartered, except as provided for in the classification for investment in road and equipment and in the text of account 542, "Rent for leased roads and equipment."

NOTE A: The rent of floating equipment included in the lease of road to the accounting company shall be included in account 542, "Rent for leased roads and equipment."

NOTE B: Interest accrued on equipment obligations shall be charged to account 546, "Interest on funded debt."

§ 10.540 *Rent for work equipment.* This account shall include amounts payable accrued for the use of the work equipment of others, leased or interchanged, except as provided for in the classification for investment in road and equipment and in the text of account 542, "Rent for leased roads and equipment."

NOTE A: The rent for work equipment included in the lease of road to the accounting company shall be included in account 542, "Rent for leased roads and equipment."

NOTE B: Interest accrued on equipment obligations shall be charged to account 546, "Interest on funded debt."

NOTE C: Rent paid for work equipment when used in construction work-train service is chargeable to the cost of the work.

§ 10.541 *Joint facility rents.* This account shall include amounts payable accrued as rent for equipment, tracks, yards, terminals, and other facilities owned or controlled by other carriers, companies, or individuals, and in the joint use of which the accounting company participates.

Amounts paid or payable by the accounting company in reimbursement for taxes on property jointly used shall be charged to this account.

NOTE: The cost of maintenance, operation, or administration of joint facilities, chargeable to the accounting company, shall be charged to the various joint facility accounts provided for operating expenses. When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned between this account and the appropriate joint facility operating expense accounts. This apportionment shall be made by the operating company, and shall be followed by the accounting company.

§ 10.542 *Rent for leased roads and equipment.* This account shall include amounts payable accrued as rent for roads, tracks, or bridges (including equipment or other railway property covered by the contract) the property being owned by other companies and held under lease or other agreement by the terms of which exclusive use and control for operating purposes are secured. The entire amount of rent payable by the lessee in accordance with the agreement shall be included in this account, whether paid to the lessor in cash or disbursed by the lessee, on behalf of the lessor, as interest on funded debt, guaranteed dividends on stock, or otherwise. (See § 10.05–2 *Leased road and equipment; depreciation.*)

NOTE A: When taxes on leased property are assumed by the lessee the accruals of such taxes shall be included in the lessee's account 532, "Railway tax accruals."

NOTE B: If, under the terms of a lease, the deficit or any portion of it resulting from the lessee's operation of the property leased is payable by the lessor company, the amount shall be charged to account 509, "Income from lease of road and equipment," by the lessor and credited to this account by the lessee.

NOTE C: If property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account 509, "Income from lease of road and equipment."

NOTE D: Payments for the exclusive use of road and equipment maintained by the lessor and used in the accounting company's operations (when considerable in amount and when not provided for in the classifications of operating expenses) shall be divided into two portions: One, representing cost of maintenance shall be charged to the appropriate maintenance accounts and the other, representing rent (amount applicable to the investment in the property), shall be charged to this account.

NOTE E: When specific charges against the lessee are made by the lessor for repairs of equipment which is actually maintained by it the amount of such charges shall be appropriately credited by the lessor to its equipment repair accounts and charged by the lessee to the corresponding accounts.

§ 10.543 *Miscellaneous rents.* This account shall include rents payable accrued on property held by the accounting company under lease or other agreement and not properly chargeable to any of the foregoing accounts.

NOTE A: This account shall not include rents provided for in the operating expense accounts.

NOTE B: If property, the rent of which is chargeable to this account, is sublet by the accounting company to others, the rent from the sublease shall be credited to account 510, "Miscellaneous rent income."

NOTE C: Payments for the exclusive use of miscellaneous property maintained by the lessor and used by the accounting company shall be divided into two portions: One, representing the cost of maintenance, shall be charged to the appropriate operating accounts, and the other, representing rent (amount applicable to the investment in the property), shall be charged to this account. The bill rendered by the creditor shall show the distribution of the payments as between maintenance and rent, and such distribution shall be adhered to by the debtor.

§ 10.544 *Miscellaneous tax accruals.* This account shall include all accruals for taxes not provided for elsewhere, such as taxes on securities owned, taxes on income from securities owned, and taxes on miscellaneous nonoperating physical property the cost of which is includible in balance-sheet account 737, "Miscellaneous physical property."

NOTE A: When the proper separation of any particular tax is not ascertainable the entire amount shall be included in account 532, "Railway tax accruals."

NOTE B: Taxes upon miscellaneous operating property shall be charged to account 535, "Taxes on miscellaneous operating property."

§ 10.545 *Separately operated properties; loss.* This account shall include amounts payable under the terms of agreements or contracts whereby the deficit resulting from the operation by others of properties of other companies having a separate corporate existence is to be paid, in whole or in part, by the accounting company.

In determining the amount payable by the accounting company, consideration shall be given not only to the operating revenues and operating expenses, but also to other items of income or deductions which affect that amount.

NOTE A: The amount receivable by the operating company shall be credited by it to account 518, "Contributions from other companies."

NOTE B: Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company shall not be included in this account to offset a deficit payable, but in accounts 513, "Dividend income"; or 514, "Interest income," as may be appropriate.

§ 10.546 *Interest on funded debt.* This account shall include the current accruals of interest on all classes of long-term debt, the principal of which is includible in account 765, "Funded debt unmatured"; 766, "Equipment obligations"; 767, "Receivers' and trustees' securities"; 768, "Debt in default"; and 769 "Amounts payable to affiliated companies," also interest accruals on debenture stock. This account shall be kept in such form that the interest on debenture stock, on receivers' and trustees' securities, and on other classes of funded debt may be shown separately in the annual report to the Commission.

NOTE A: This account shall not include charges for interest on funded debt obligations issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account 552, "Income applied to sinking and other reserve funds.")

NOTE B: When funded debt is incurred for new lines or extensions, or for addition and betterment purposes, the accruals of interest on such funded debt (less interest received on unexpended balances), to the date of completion or coming into service of the property so acquired shall be included in the road and equipment accounts.

NOTE C: This account shall be maintained so as to show separately: (a) fixed interest which will be paid, or for which provision for payment will be made, when the interest matures; (b) interest in default; and (c) contingent interest determined to be payable.

§ 10.547 *Interest on unfunded debt.* This account shall include interest accrued on unfunded debt, such as short-term notes payable on demand or having dates of maturity one year or less from dates of issue, and open accounts including discount and expense on demand and short-term loans, interest on receipts outstanding for installments paid on capital stock, interest on deferred payments for public improvements, and other analogous items. The discount on short-term notes, if of a considerable amount, shall be distributed through equal monthly charges, over the term of the notes.

NOTE: When short-term notes or other evidences of unfunded indebtedness are issued for new lines or extensions or for addition and betterment purposes the accrual of interest to the date of completion or coming into service of the property shall be included in the road and equipment accounts.

§ 10.548 *Amortization of discount on funded debt.* This account shall be charged during each fiscal period with the proportion of the discount and expense on funded debt obligations applicable to that period. This proportion shall be determined according to a rule the uniform application of which through the interval between the date of sale and the date of maturity will extinguish the discount and expense on funded debt. The charge to this account for any period must not be either greater or less than the proportion of the balance remaining unamortized applicable to that period so long as any portion of the discount and expense remains unextinguished, except that if the total discount and expense applicable to any particular issue of securities does not exceed $25,000, the entire amount may be charged to this account at time of issue.

§ 10.549 *Maintenance of investment organization.* This account shall include the directly assignable organization and administration expenses of the accounting company which are incident to its investments in leased or nonoperating physical property, and in stocks, bonds, or other securities.

ITEMS OF EXPENSE

Advertising annual reports (lessor companies only).
Calls for bonds in accordance with sinking fund provisions of mortgages.
Directors' fees.
Printing and mailing dividend checks.
Publishing and mailing annual reports and other corporate statements to shareholders.
Publishing notices of declaration of dividends.
Law expenses.
Office expenses.
Salaries of officers, clerks, and attendants.
Stationery and printing.

NOTE: Organization and administration expenses incident to railway operation are provided for in operating expense general account 450, "General."

§ 10.550 *Income transferred to other companies.* This account shall include the whole or any portion of the income of the accounting company payable to another company under the terms of agreements or contracts without obligation for reimbursement.

In determining the amount payable by the accounting company, consideration shall be given not only to operating revenues and operating expenses, but also to other items of income or deduction which affect that amount.

NOTE A: The amount receivable by the other company shall be credited by it to account 512, "Separately operated properties—Profit."

NOTE B: Dividends or other payments upon securities issued or assumed by the accounting company shall not be included in this account.

§ 10.551 *Miscellaneous income charges.* This account shall include interest charges not provided for elsewhere, such as interest on tax deficiencies, overcharge claims, and court awards; also income tax upon the interest on the accounting company's funded debt when assumed by it; and other income deductions not provided for elsewhere.

§ 10.552 *Income applied to sinking and other reserve funds.* This account shall include amounts applied to sinking

and other reserve funds from income, whether definite appropriations from income; allotments or payments of definite amounts from income under the terms of mortgages, deeds of trust, or other contracts that provide for such allotments or payments; or accretions representing interest or other returns accrued on the contents of such funds and required to be retained therein.

NOTE A: The amounts charged to this account shall be concurrently credited to account 797, "Retained income—Appropriated."

NOTE B: Similar appropriations made from surplus shall be charged to account 613, "Retained income applied to sinking and other reserve funds."

§ 10.553 *Dividend appropriations of income.* This account shall include amounts definitely declared payable from the income of the fiscal period, as dividends on actually outstanding capital stock issued or assumed by the accounting company, other than debenture stock. (See definition of the several classes of capital stock in balance-sheet account 791, "Capital stock issued.") If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A: Interest accrued on debenture stock shall be charged to account 546, "Interest on funded debt."

NOTE B: This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account 552, "Income applied to sinking and other reserve funds.")

NOTE C: This account shall be used when the appropriations are definitely made chargeable to income. Similar appropriations made from retained income shall be charged to account 614, "Dividend appropriations of retained income."

§ 10.554 *Income appropriated for investment in physical property.* This account shall include amounts definitely appropriated from income to be applied for the construction or acquisition of new lines and extensions and of additions to and betterments of property the cost of which is chargeable to road and equipment accounts or applied for the construction or acquisition of property the cost of which is includible in balance-sheet account 737, "Miscellaneous physical property."

Records of the accounting carrier shall be so kept that the appropriations charged to this account for any fiscal period may be distinguished as relating to (a) amounts expended during preceding fiscal periods, (b) amounts expended during the current fiscal period, and (c) amounts held in reserve.

The records shall also show separately appropriations for investment in road and equipment and for investment in miscellaneous physical property.

NOTE A: Similar appropriations made from retained income shall be charged to account 615, "Retained income appropriated for investment in physical property."

NOTE B: The amounts charged to this account shall be concurrently credited to account 797, "Retained income—Appropriated."

§ 10.555 *Stock discount extinguished through income.* This account shall include amounts definitely appropriated from income to reduce or extinguish the amount of discount on capital stock issued by the accounting company. (See balance-sheet account 793, "Discount on capital stock.")

NOTE: Similar appropriations made from retained income shall be charged to account 616, "Stock discount extinguished through retained income."

§ 10.556 *Miscellaneous appropriations of income.* Except as provided in account 552, "Income applied to sinking and other reserve funds," this account shall include amounts definitely appropriated from income for the discharge of the principal (less the discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition or improvement of property carried in the road and equipment accounts; also amounts similarly appropriated to provide a reserve for doubtful accounts, and for other purposes not provided for elsewhere.

NOTE A: Similar appropriations made from retained income shall be charged to account 618, "Miscellaneous appropriations of retained income."

NOTE B: The amounts charged to this account shall be concurrently credited to account 797, "Retained income—Appropriated."

§ 10.557 *Delayed income debits.* This account shall include delayed debit items and adjustments for which no provision has previously been made, relating to operating revenues, operating expenses, and income arising during the current year which are applicable to prior years, and which are relatively so large that their inclusion in the appropriate accounts of the current year would seriously distort the accounts for the year.

NOTE: All entries in this account shall be made in such detail as will indicate the operating-revenue, operating-expense or income accounts to which they relate.

§ 10.560 *Form of income statement.* The classified form of income statement is designed to show the financial changes resulting from transportation operations and other business of the accounting company during any specified period.

OPERATING INCOME

Railway operating income

501. Railway operating revenues [1] ——
531. Railway operating expenses [1] ——
Net revenue from railway operations [2] ——
532. Railway tax accruals [1] ——
Railway operating income [2] ——

Rent income

503. Hire of freight cars—Credit balance ——
504. Rent from locomotives ——
505. Rent from passenger-train cars ——
506. Rent from floating equipment ——
507. Rent from work equipment ——
508. Joint facility rent income ——
Total rent income ——

[1] Includes operations of water lines, if any.
[2] If a loss the amount shall be shown in red.

Rents payable

536. Hire of freight cars—Debit balance ——
537. Rent for locomotives ——
538. Rent for passenger-train cars ——
539. Rent for floating equipment ——
540. Rent for work equipment ——
541. Joint facility rents ——
Total rents payable ——
Net rents [2] ——
Net railway operating income [2] ——

OTHER INCOME

502. Revenues from miscellaneous operations ——
509. Income from lease of road and equipment ——
510. Miscellaneous rent income ——
511. Income from nonoperating property ——
512. Separately operated properties—Profit ——
513. Dividend income ——
514. Interest income ——
516. Income from sinking and other reserve funds ——
517. Release of premiums on funded debt ——
518. Contributions from other companies ——
519. Miscellaneous income ——
520. Delayed income credits ——
Total other income ——
Total income [2] ——

MISCELLANEOUS DEDUCTIONS FROM INCOME

534. Expenses of miscellaneous operations ——
535. Taxes on miscellaneous operating property ——
543. Miscellaneous rents ——
544. Miscellaneous tax accruals ——
545. Separately operated properties—Loss ——
549. Maintenance of investment organization ——
550. Income transferred to other companies ——
551. Miscellaneous income charges ——
557. Delayed income debits ——
Total miscellaneous deductions ——
Income available for fixed charges [2] ——

FIXED CHARGES

542. Rent for leased roads and equipment ——
546. Interest on funded debt:
(a) Fixed interest not in default ——
(b) Interest in default ——
547. Interest on unfunded debt ——
548. Amortization of discount on funded debt ——
Total fixed charges ——
Income after fixed charges [2] ——

OTHER DEDUCTIONS

546. Interest on funded debt:
(c) Contingent interest ——
552. Income applied to sinking and other reserve funds:
(a) Increments to special funds required to be retained therein and not subject to withdrawal except for purposes of the funds ——
Total other deductions ——
Net income after fixed charges and other deductions [2] ——

DISPOSITION OF NET INCOME

552. Income applied to sinking and other reserve funds:
(b) Income applied to capital funds under Governmental authority or other arrangements ——

(c) Appropriations, allotments, and payments from income of definite amounts to special funds not includible in 552 (a) or 552 (b)		——
553. Dividend appropriations of income		——
554. Income appropriated for investment in physical property		——
555. Stock discount extinguished through income		——
556. Miscellaneous appropriations of income		——
Total appropriations of income		——
602. Balance of income transferred to Retained Income—Unappropriated [2]		——

SUPPLEMENTARY STATEMENT OF SPECIFIED INCOME ITEMS

Net railway operating income		——
Add depreciation—Way and structures	——	
Add depreciation—Equipment	——	——
Add amortization of defense projects—Road	——	——
Add amortization of defense projects—Equipment	——	——
Net railway operating income before depreciation and amortization of defense projects		——
Net income		——
Add Federal income taxes		——
Net income before Federal income taxes		——
Net income		——
Add depreciation—Way and structures	——	
Add depreciation—Equipment	——	
Add amortization of defense projects—Road	——	——
Add amortization of defense projects—Equipment	——	——
Add Federal income taxes	——	——
Net income before depreciation, amortization of defense projects, and Federal income taxes		——

[2] If a loss the amount shall be shown in red.

RETAINED INCOME ACCOUNTS

CREDIT

§ 10.601 *Credit balance (at beginning of calendar year).* This account shall include the net credit balance in the retained income account at the beginning of the calendar year.

§ 10.602 *Credit balance transferred from income.* This account shall show the net credit balance brought forward from the income account for the calendar year.

§ 10.607 *Miscellaneous credits.* This account shall include amounts, not provided for elsewhere, transferred from other accounts to retained income, and amounts representing increases of resources not properly assignable to the income accounts. Among the items which shall be included in this account are:

Adjustments or cancellations of balance-sheet accounts.

Cancellation of balance-sheet accounts representing unclaimed wages and vouchered accounts written off because of carrier's inability to locate the creditor.

Profit from the sale of land carried in account 731, "Road and equipment property".

Profit derived from the sale of investment securities,

Profit derived from the sale of property carried in balance-sheet account 737, "Miscellaneous physical property,"

Credits resulting from adjustments required to bring to par funded debt securities issued or assumed by the accounting company and reacquired at a cost less than the par value,

Unreleased premiums on funded debt reacquired before maturity.

Collection of old accounts previously written off.

DEBIT

§ 10.611 *Debit balance (at beginning of calendar year).* This account shall include the net debit balance in the retained income account at the beginning of the calendar year.

§ 10.612 *Debit balance transferred from income.* This account shall show the net debit balance brought forward from the income account for the calendar year.

§ 10.613 *Retained income applied to sinking and other reserve funds.* This account shall include amounts definitely appropriated from retained income and applied to sinking and other reserve funds; and allotments or payments of definite amounts from retained income into sinking and other reserve funds under the terms of mortgages, deeds of trust, or other contracts that provide for such allotments or payments.

NOTE A: The amounts charged to this account shall be concurrently credited to account 797, "Retained income—Appropriated."

NOTE B: Similiar appropriations made from income shall be charged to income account 552, "Income applied to sinking and other reserve funds."

§ 10.614 *Dividend appropriations of retained income.* This account shall include amounts definitely declared payable from retained income as dividends on actually outstanding capital stock issued or assumed by the accounting company, other than debenture stock. (See definition of the several classes of capital stock in balance-sheet account 791, "Capital stock issued.") If a dividend is not payable in cash the consideration shall be described in the entry with sufficient particularity to identify it.

This account shall be subdivided so as to show separately the dividends on the various subclasses of capital stock.

NOTE A: Interest accrued on debenture stock shall be charged to income account 546, "Interest on funded debt."

NOTE B: This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other reserve funds. (See account 613, "Retained income applied to sinking and other reserve funds.")

NOTE C: Similar appropriations made from income shall be charged to income account 553, "Dividend appropriations of income."

§ 10.615 *Retained income appropriated for investment in physical property.* This account shall include amounts definitely appropriated from retained income, to be applied for the construction or acquisition of new lines and extensions and of additions to and betterments of property the cost of which is includible in the road and equipment accounts or applied for the construction, acquisition, or improvement of property the cost of which is includible in balance-sheet account 737, "Miscellaneous physical property."

Records of the accounting carrier shall be so kept that the appropriations charged to this account for any fiscal period may be distinguished as relating to (a) amounts expended during preceding fiscal periods, (b) amounts expended during the current fiscal period, and (c) amounts held in reserve.

NOTE A: Similar appropriations made from income shall be charged to income account 554, "Income appropriated for investment in physical property."

NOTE B: The amounts charged to this account shall be concurrently credited to account 797, "Retained income—Appropriated."

§ 10.616 *Stock discount extinguished through retained income.* This account shall include amounts definitely appropriated from retained income to reduce or extinguish the amount of discount on capital stock issued by the accounting company.

NOTE: Similar appropriations made from income shall be charged to income account 555, "Stock discount extinguished through income."

§ 10.618 *Miscellaneous appropriations of retained income.* This account shall include amounts definitely appropriated from retained income to provide a reserve for doubtful accounts and, except as provided in account 613, "Retained income applied to sinking and other reserve funds," for the discharge of the principal (less the discount, if any, suffered at the time of sale) of any indebtedness incurred in the acquisition or improvement of property carried in the road and equipment accounts; also other amounts appropriated from retained income and not provided for elsewhere.

NOTE A: Similar appropriations made from income shall be charged to income account 556, "Miscellaneous appropriations of income."

NOTE B: The amounts charged to this account shall be concurrently credited to account 797, "Retained income—Appropriated."

§ 10.621 *Miscellaneous debits.* This account shall include amounts, not provided for elsewhere, chargeable to retained income from other accounts, amounts written off in consequence of adjustments, and payments not properly chargeable to the income accounts. Among the items which shall be charged to this account are:

Adjustments or cancellations of balance-sheet accounts.

Losses resulting from the sale of investment securities,

Losses resulting from the sale, detruction, or abandonment of property carried in balance-sheet account 737, "Miscellaneous physical property,"

Debits resulting from adjustments required to bring to par funded debt securities issued or assumed by the accounting company and reacquired at a cost exceeding the par value,

Adjustments of the difference between the ledger value of land credited to account 731, "Road and equipment property," and the estimated value thereof

charged to account 737, "Miscellaneous physical property".

Loss from the sale of land carried in account 731, "Road and equipment property".

Discount on capital stock remaining unextinguished at the time of its reacquisition, resale, or retirement if in excess of the pro rata portion includible in paid-in surplus.

Unextinguished discounts on funded debt reacquired before maturity,

Payments of old accounts previously written off.

Penalties and fines for violation of the Interstate Commerce Act, or other Federal laws, when not specifically provided for elsewhere.

GENERAL BALANCE SHEET ACCOUNTS

DEBIT

§ 10.701 *Cash.* This account shall include money, checks, sight drafts, and sight bills of exchange in the hands of the accounting company's financial officers and agents, or in transit from its agents and conductors for which such agents and conductors have received credit. It shall include, also, deposits with banks and trust companies available for use on demand, and savings accounts subject to the usual clause reserving the right to defer payment for a specified number of days.

§ 10.702 *Temporary cash investments.* This account shall include the cost of securities and other collectible obligations acquired for the purpose of temporarily investing cash, such as United States Treasury certificates, marketable securities, time drafts receivable, demand loans, time loans, time deposits with banks and trust companies, and other similar investments of a temporary character.

§ 10.703 *Special deposits.* This account shall include funds specifically deposited for the payment of dividends, interest, and other current liabilities; also other deposits subject to current withdrawal for specific purposes only.

NOTE: Deposits available for general company purposes shall be included in account 701, "Cash."

§ 10.704 *Loans and notes receivable.* This account shall include the book value of all collectible obligations in the form of demand or time loans and notes receivable, or other similar evidences (except interest coupons) of money receivable within a time not exceeding one year from date of issue.

NOTE A: Obligations held as investments which mature more than one year after date of issue shall be included in accounts 721, "Investments in affiliated companies"; or 722, "Other investments," as may be appropriate.

NOTE B: Loans and notes receivable acquired for the purpose of temporarily investing cash shall be included in account 702, "Temporary cash investments."

§ 10.705 *Traffic and car-service balances—Dr.* This account shall include the net of the balances receivable from or payable to other companies in the accounts representing interline freight, passenger, and baggage revenues, and charges for equipment interchanged on a per diem or a mileage basis, when such balances result in a net debit.

NOTE A: When the net of the balances is a credit it shall be included in account 752, "Traffic and car-service balances—Cr."

NOTE B: The amount to be entered in this account in the carrier's annual report to the Commission shall be stated in accordance with the text of this account. For convenience in accounting the carrier may maintain currently separate subaccounts under the following captions:

705 and 752 (a) Interline freight, balance.

705 and 752 (b) Interline passenger, balance.

705 and 752 (c) Interline baggage, balance.

705 and 752 (d) Equipment interchange, balance.

§ 10.706 *Net balance receivable from agents and conductors.* This account shall include the net balance due in current accounts from agents, from train, sleeping car, and dining car conductors, and from train collectors, train auditors, porters, and other employees and representatives charged with the collection or custody of current revenues.

NOTE: Amounts advanced to general and special agents as working funds shall not be included in this account, but in account 710, "Working fund advances."

§ 10.707 *Miscellaneous accounts receivable.* This account shall include amounts due in audited accounts considered good, such as those due from the United States or other Governments for the transportation of mails and Government property, and from express companies for express facilities furnished under contract; amounts due from other carriers on account of freight claims paid; miscellaneous bills against other railway companies, corporations, firms, and individuals; and other similar items.

NOTE: The amount to be entered in this account is not the net balance between this account and account 754, "Miscellaneous accounts payable."

§ 10.708 *Interest and dividends receivable.* This account shall include the amount of interest accrued to the date of the balance sheet on bonds owned and on loans made, the amount of dividends declared on stocks owned, and dividends accrued on such stocks when contracts require that the dividends be paid at stated times.

NOTE A: No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience, anticipated provision, or otherwise.

NOTE B: No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

NOTE C: If settlement of amounts included in this account is not made when due either in cash or with other tangible assets of equal money value, such amounts shall be cleared from this account and charged to the income account originally credited. If notes are taken in settlement of amounts included in this account, the amounts thereof shall be charged to account 704, "Loans and notes receivable," or account 741, "Other assets," as may be appropriate, but such amounts shall not be credited to income (or if previously credited to income shall be cleared therefrom as provided in the first sentence of this note), unless inclusion therein is justified by the current asset position of the obligor. If such notes are of doubtful value, the amount at which they are charged to account 741, "Other assets," shall be credited to account 784, "Other deferred credits," and income shall not be credited until payment is received, and then only with the amount collected. If long-term notes are taken in settlement of current assets, the credit to income shall be cancelled and account 741, "Other assets," shall be charged with their true values, and a like sum shall be credited to account 784, "Other deferred credits."

§ 10.709 *Accrued accounts receivable.* This account shall include estimates of all unaudited current items receivable by the carrier to the date of the balance sheet, including those which are creditable to revenue, expense, or income accounts in accordance with the instruction relating to unaudited items.

Examples of items to be included:

Rents receivable which are not includible in account 707, "Miscellaneous accounts receivable." See Note C to account 708, "Interest and dividends receivable."

Amounts receivable from others for unreported interline traffic.

Amounts receivable from others for use of facilities, including equipment, for which bills have not been rendered.

Amounts receivable from others for services for which bills have not been rendered.

§ 10.710 *Working fund advances.* This account shall include amounts advanced to general and special agents, and to other officers and employees, as working funds from which certain expenditures are to be made and accounted for. It also includes advances to fast freight lines and to demurrage and other bureaus.

NOTE: Advances to jointly owned or used terminal companies and other companies for permanent working funds or capital purposes shall be included in accounts 721, "Investments in affiliated companies," or 722, "Other investments," as may be appropriate.

§ 10.711 *Prepayments.* This account shall include the balances in the accounts representing prepaid rents chargeable to the appropriate rent accounts as the term is consumed for which the rents are paid; also interest and insurance premiums paid in advance of their accrual, which are to be apportioned and charged, as they accrue, to the appropriate accounts.

NOTE: Expenditures by a carrier for improvements to office buildings and other facilities rented for more than one year, title to which will pass to the lessor at the end of the rental period, shall be charged to account 743, "Other deferred charges," and amortized over the rental period as additional rent.

§ 10.712 *Material and supplies.* This account shall include the balances representing the cost, less depreciation, if any, of all unapplied material, such as road and shop material, articles in process of manufacture by the accounting company, fuel, stationery, and dining car and other supplies. In determining the cost of material and supplies suitable allowance shall be made for any discounts allowed in the purchase thereof.

NOTE A: Balances representing the cost of unapplied construction material and supplies located at the point of use, which have been purchased for projected new roads and extensions, or for new railroad equipment, are provided for in road and equipment ac-

count 47, "Unapplied construction material and supplies," or account 59, "Unapplied material and supplies—Equipment."

NOTE B: An inventory of material and supplies shall be taken during each calendar year and the necessary adjustments to bring this account into harmony with the actual inventory balances shall be made in the accounts of the year in which the inventories are taken. In effecting this adjustment determined differences in accounting for important classes of material shall be equitably assigned among the accounts to which the classes of material are ordinarily chargeable. Other differences shall be equitably apportioned among the primary accounts to which material has been charged since the last inventory.

§ 10.713 *Other current assets.* (a) This account shall include items of current assets not covered by accounts 701 to 712, inclusive.

(b) It shall include asset items not includible in any of the foregoing asset accounts that have been advanced beyond the stage of deferred assets.

§ 10.715 *Sinking funds.* This account shall include the amount of cash, the ledger value of live securities of other companies, and other assets which are held by trustees of sinking and other funds for the purpose of redeeming outstanding obligations, including such assets so held in the hands of the accounting company's treasurer when the assets are segregated in a distinct fund; also amounts deposited with such trustees on account of mortgaged property sold, the proceeds of which are to be held for the redemption of securities, and the par value or with respect to no par stock, the amounts recorded in account 791, "Capital stock issued," relating thereto, of live securities issued or assumed by the accounting company and held in such funds. A separate account shall be kept for each fund. The title of each such account shall designate the obligation in support of which the fund is created.

NOTE: In stating the balance sheet in the annual reports to the Commission the total amount of the funds and the par value or with respect to no par stock, the amounts recorded in account 791, "Capital stock issued," relating thereto, of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

§ 10.716 *Capital and other reserve funds.* (a) This account shall include cash and the ledger value of other assets held by trustees or by the accounting company's treasurer when segregated in distinct funds that have been (1) realized from the sale of equipment obligations or other long-term obligations and not yet applied toward the specific purposes for which the obligations were incurred, and (2) set aside in accordance with governmental, mortgage, or contractual requirements in connection with reorganizations or otherwise. This account shall also include funds deposited with trustees to be held until mortgaged property sold is replaced.

(b) An appropriate record shall be maintained for securities issued or assumed by the accounting company and held in the funds, identifying those that are nominally issued or nominally outstanding.

NOTE A: Funds specifically set aside for sinking fund purposes shall be included in account 715, "Sinking funds." If one purpose of a capital fund is to provide contributions to a sinking fund under specified conditions, the entire amount of the fund shall be included in this account until the contributions to the sinking fund are made, at which time the amounts thereof shall be transferred to account 715.

NOTE B: The ledger value of assets of the character indicated in paragraph (a) (2) of this section, shall be transferred to the appropriate current asset account when the assets are definitely assigned in advance of expenditure to the payment of interest or other current liabilities payable within one year.

NOTE C: Bank deposits subject to current withdrawal for specific purposes only, shall be included in account 703, "Special deposits." Deposits available for general company purposes shall be included in account 701, "Cash."

§ 10.717 *Insurance and other funds.* This account shall include the amount of cash and the ledger value of securities of other companies and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the par value or with respect to no par stock, the amounts recorded in account 791, "Capital stock issued," relating thereto, of securities issued or assumed by the accounting company and held in such funds. A separate account shall be kept for each fund.

NOTE A: Sinking funds and capital and other reserve funds are provided for in accounts 715 and 716, respectively.

NOTE B: In stating the balance sheet in the annual reports to the Commission the total amount of the funds and the par value or with respect to no par stock, the amounts recorded in account 791, "Capital stock issued," relating thereto, of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

NOTE C: This account shall not include funds held by the accounting company solely as trustee and in which it has no beneficial interest.

NOTE D: Bank deposits subject to current withdrawal for specific purposes only, shall be included in account 703, "Special deposits." Deposits available for general company purposes shall be included in account 701, "Cash."

§ 10.721 *Investments in affiliated companies.* This account shall include the ledger value of the accounting company's investment in securities issued or assumed by affiliated companies other than securities held in special deposits or special funds, and also investment advances made to affiliated companies.

This account shall be maintained in such manner as to show each of the following classes of investment in each affiliated company:

(a) Stocks.
(b) Bonds.
(c) Other secured obligations.
(d) Unsecured notes.
(e) Investment advances.

A complete record of securities pledged shall be maintained so that the ledger value of securities pledged and unpledged may be shown separately in the annual report to the Commission.

NOTE A: Accounts with affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account 741 "Other assets."

NOTE B: The term affiliated companies includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.
2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.
3. Companies controlled by controlled companies.
4. Companies controlled by controlling companies.

By "control" is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

(a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.

(b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.

(c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

(d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.

(e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

"Sole control" is that which rests in one corporation.

"Joint control" is that which rests in two or more corporations and which is held under a joint arrangement.

NOTE C: The value of securities *borrowed* by the accounting company and pledged shall not be included in this account.

NOTE D: The value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in accounts 715, "Sinking funds," 716, "Capital and other reserve funds," or 717, "Insurance and other funds," as may be appropriate.

§ 10.722 *Other investments.* This account shall include the ledger value of the accounting company's investment in securities issued or assumed by nonaffiliated companies other than securities held in special deposits or special funds; also investment advances made to nonaffiliated companies and to individuals.

This account shall be maintained in such manner as to show each of the following classes of investment in each nonaffiliated company:

(a) Stocks.
(b) Bonds.
(c) Other secured obligations.
(d) Unsecured notes.
(e) Investment advances.

A complete record of securities pledged shall be maintained so that the ledger value of securities pledged and un-

pledged may be shown separately in the annual report of the Commission.

NOTE A: Accounts with nonaffiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, but if settlement is deferred beyond one year such items shall be transferred to account 741, "Other assets."

NOTE B: The term "nonaffiliated companies" includes all companies other than those defined as affiliated in Note B of account 721, "Investments in affiliated companies."

NOTE C: The value of securities borrowed by the accounting company and pledged shall not be included in this account.

NOTE D: The value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in accounts 715, "Sinking funds," 716, "Capital and other reserve funds," or 717, "Insurance and other funds," as may be appropriate.

§ 10.723 *Reserve for adjustment of investment in securities-Cr.* This account shall include the total of the balances in such reserves as are maintained by the accounting company for the purpose of providing for reductions in the value of securities owned and recorded in accounts 721, "Investments in affiliated companies," or 722, "Other investments." Corresponding charges shall be made to account 621, "Miscellaneous debits."

If reserves are maintained in provision for anticipated losses in specific securities, when the related assets are written down or written off, or are sold or otherwise disposed of at a loss, the reduction in the book value or the losses sustained shall be charged to this account to the extent of the credit balance in the account applicable to the particular securities involved, and the remainder, if any, shall be charged to account 621, "Miscellaneous debits." In case a general reserve for losses in unspecified security values is maintained, all such losses resulting from write-downs, write-offs, etc., shall be charged to this account to the extent of the total credit balance in the account, and the remainder, if any, shall be charged to account 621, "Miscellaneous debits."

§ 10.731 *Road and equipment property.* This account, except in connection with the acquisition of transportation property as provided for in accounts 733, "Acquisition adjustment," and 734, "Donations and grants—Cr.," shall include the accounting company's investment in road and equipment (including that held under contract for purchase), used or held for use as transportation property in existence at the date of the balance sheet.

When property is retired from service this account shall be credited with the ledger value of the property retired.

NOTE A: This account shall not include any items representing titles to securities.

NOTE B: When any equipment is acquired under an agreement which provides that the cost shall be paid in installments, the cost (its money value at time of purchase) shall be charged to the appropriate road and equipment accounts at the time the equipment is delivered to the carrier, and included in this account in the same manner as the cost of equipment purchased outright. When the par value of notes or other securities issued in payment, or in part payment, for such equipment is more (or less) than in actual cash value of the equipment at the time of the purchase, or of the proportion to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the equipment, or of the proportion paid for by the securities, shall be charged (or credited) to the proper discount and premium accounts.

NOTE C: Held for use, as referred to above, implies the ability of the carrier to substantiate by plans or policy its characterization of the probable future use which is to be made of the property within a reasonable period of time.

§ 10.732 *Improvements on leased property.* This account, except in connection with the acquisition of transportation property as provided for in the accounts 733, "Acquisition adjustment," and 734, "Donations and grants-Cr.," shall include the cost of improvements made by the lessee to property which is held under lease from others or through control of the company owning the property, where such improvements are used by the lessee in transportation service, and the lessee is not to be reimbursed by the lessor for such improvements.

When the cost of improvements made by the lessee is to be refunded by the lessor periodically during the term of the lease agreement or at the termination thereof, and provided further that in the meantime the lessor or company does not include the cost of such improvements in account 731, "Road and equipment property," the lessee shall include the cost thereof in this account.

When leased property is retired from service this account shall be credited with the ledger value of any improvements thereto the cost of which has been included in this account, and also with the amount representing the liability of the carrier to the lessor or owner for any property retired that has been used in transportation service and was held under lease or through control of the company owning the property.

The carrier's records shall be kept in such manner as to show the debits and credits to this account in accordance with the provisions for road and equipment.

NOTE A: This account shall not include any items representing titles to securities.

NOTE B: When the lessor company includes in account 731, "Road and equipment property," the cost of improvements made by the lessee to property leased by it from the lessor and settlement is not made at the time for the cost thereof, the lessee, pending settlement with the lessor, shall include the cost thereof in account 721, "Investments in affiliated companies," or 722, "Other investments," as may be appropriate.

§ 10.733 *Acquisition adjustment.* This account shall be charged with the cost of a railway or portion thereof acquired since January 1, 1938, as an operating entity or system by purchase, merger, consolidation, reorganization, receivership sale or transfer, or otherwise. If the consideration or a part thereof given for the property acquired consists of securities issued by the accounting carrier, the cash value thereof for the purpose of determining the cost to be charged to this account shall be the sum of the par value of securities having par values and the stated or assigned values of nopar securities as determined and approved by the Commission. Where the consideration given for the property acquired is other than cash or securities issued by the accounting carrier, such consideration shall be valued on a current cash basis.

The accounting for assets acquired and liabilities assumed shall then be as follows:

(a) Assets acquired, except property includible in accounts 731, "Road and equipment property," or 732, "Improvements on leased property," and liabilities assumed shall be recorded in their appropriate accounts in the manner provided for in classification of general balance sheet accounts.

(b) Property includible in primary road and equipment accounts 1, and 2½ to 58, inclusive, and 72 to 77, inclusive, shall be recorded in those accounts at original cost or estimated original cost as found by the Commission for valuation purposes.

(c) In the primary road and equipment account 2, there shall be recorded the original cost of lands owned by predecessor carrier or carriers at basic valuation date as reported under Valuation Order No. 7, dated November 21, 1914, and included in the Commission's basic valuation reports. Any lands so reported without cost except those donated shall be estimated by the accounting company, which will be subject to verification by the Commission. To this shall be added the cost at the time of dedication to public use of any lands acquired since the basic valuation date.

(d) In the primary road and equipment account 71, there shall be recorded the expenditures incident to the organization or reorganization of the accounting company.

(e) The money outlay expended by a predecessor carrier or carriers for additions and betterments to property leased from other companies whose physical properties are not included in the reorganization, shall be transferred to account 732, "Improvements on leased property," in the amounts recorded in that account on the books of the predecessor carrier or carriers.

(f) The amounts thus recorded in primary accounts 1 to 77, inclusive, shall be concurrently charged to balance sheet account 731, "Road and equipment property," or 732, "Improvements on leased property," as appropriate.

(g) Balances in accounts 735, "Accrued depreciation—Road and equipment," and 785, "Accrued depreciation—Leased property," carried on the books of the predecessor carrier or carriers at date of acquisition shall be recorded in those accounts on the books of the accounting company. To the extent that a credit balance is available in this account, the accounting company shall credit account 735, "Accrued depreciation—Road and equipment," and charge this account with the estimated amount by which the balance in account 735 appears to be deficient with respect to past accrued depreciation on depreciable road property included in account 731, "Road and equipment property."

(h) This account shall concurrently be debited or credited, as appropriate, to offset asset and liability items recorded in accordance with paragraphs (a) to (g) of this section.

(i) To the extent that a credit balance is available in this account, if so authorized upon application to the Commission, retirement of nondepreciable property in existence at the date of acquisition which is not replaced may be charged hereto if the loss is not assignable to operations subsequent to date of acquisition. Other charges to this account may be made upon specific approval by the Commission.

NOTE: The accounting company shall be prepared to furnish the Commission with a full report of the contract of organization and a statement showing in detail the consideration given for the property acquired. It shall procure in connection with the organization all existing records, memoranda, and accounts in possession or control of the grantor relating to construction and improvement of the property acquired and shall preserve such records, memoranda and accounts until authorized by law to destroy or otherwise dispose of them.

Where the records, memoranda, and accounts are so involved with other records, memoranda, and accounts of the grantor as to make this transfer impracticable, certified copies, shall be procured and retained by the accounting company; the verity of the copies should be certified by the custodian of the originals.

§ 10.734 *Donations and grants—Cr.* This account shall be credited with grants obtained from govermental agencies, and with donations from individuals and others in connection with the construction or acquisition of property the cost of which is chargeable to accounts 731, "Road and equipment property," and 732, "Improvements on leased property."

§ 10.735 *Accrued depreciation; road and equipment.* (a) This account shall be credited with amounts concurrently charged to operating expenses or other accounts to cover the loss in service value of depreciable road and equipment property. It shall also include amounts which the Commission may authorize the accounting company to credit to account 607, "Miscellaneous credits," or charge to account 621, "Miscellaneous debits," or to account 733, "Acquisition adjustment," in respect to past accruals of depreciation.

(b) At the time of the retirement of each unit of depreciable property, this account shall be charged with the entire service value of the unit retired or minor item retired and not replaced.

(c) For balance sheet purposes, this account shall be treated as a single composite reserve for property. However, for purposes of analysis, the accounting company shall maintain subsidiary records in which this reserve is broken down into components corresponding to the primary accounts for depreciable property. These subsidiary records shall show the current debits and credits to this reserve by primary accounts.

§ 10.736 *Amortization of defense projects; road and equipment.* This account shall include the amounts of accumulated past provisions for amortization of road and equipment defense projects, the cost of which is included in account 731, "Road and equipment property," or account 732, "Improvements on leased property." This account shall be charged with the credit balance herein applicable to specific property at the time the property is retired.

The accounting company shall maintain subaccounts separately for amortization of (1) road property and (2) equipment.

§ 10.737 *Miscellaneous physical property.* This account shall include the accounting company's investment in physical property other than property assignable to accounts 731 and 732, including hotels, restaurants, power plants, etc., which are not operated by the accounting company or another carrier in connection with its transportation service.

ITEMS OF INVESTMENT

Coal and other mines.
Commercial power plants.
Hotels and restaurants.
Lands and buildings not used in transportation operations.
Lands and other property acquired and held in anticipation of future use.
Mineral and timber lands.
Rails and other track material leased to others.
Saw mills and other manufacturing plants not operated in connection with transportation service.

§ 10.738 *Accrued depreciation; miscellaneous physical property.* This account shall be credited with amounts charged to income or other accounts to cover the depreciation of property the cost of which is included in account 737, "Miscellaneous physical property."

When any miscellaneous physical property is destroyed, sold, or otherwise retired from service, the amount included in this account with respect to the property retired shall be charged hereto.

§ 10.741 *Other assets.* This account shall include the estimated value of salvage recoverable from property retired when the recovery of the salvage is deferred for any reason; items of a current character but of doubtful value; other deferred assets; and assets not otherwise provided for in general balance sheet accounts.

§ 10.742 *Unamortized discount on long-term debt.* This account shall include the total of the net debit balances in the discount, expense, and premium accounts for the several subclasses of funded debt.

§ 10.743 *Other deferred charges.* This account shall include the amount of debit balances in suspense accounts that cannot be cleared and disposed of until additional information is received, such as freight claims paid when found to be correct, but in advance of investigation with other carriers; debit balances in clearing accounts, such as "Shop expenses," "Store expenses," "Operations of gravel pits," and "Operation of quarries;" unextinguished discount on short-term notes; unadjusted debit items not otherwise provided for and similar items the proper disposition of which is uncertain.

This account also is intended as a suspense account in which may be included deferred amounts for property retired chargeable to operating expenses as follows:

(a) Amounts representing the service value of nondepreciable road property retired which are relatively so large that their inclusion in the accounts for a single year would distort those accounts.

(b) Amounts representing the service value of depreciable road property retired which are relatively so large that their inclusion in the depreciation reserve would result in unduly depleting the reserve.

(c) Amounts representing the service value of equipment retired which are relatively so large that their inclusion in the depreciation reserve would result in unduly depleting the reserve.

(d) This provision covering property retired is to be used only after permission of the Commission has been asked and given. The carrier in its application to the Commission shall give full particulars concerning the property retired, the amount which it is proposed to charge to operating expenses, and the period over which, in its judgment, the amount of such charge shall be distributed.

CREDIT

§ 10.751 *Loans and notes payable.* This account shall include the balances representing obligations outstanding in the form of loans and notes payable or other similar evidences (except interest coupons) of indebtedness payable on demand or within a time not exceeding one year from date of issue.

This account shall be kept in such form so as to show separately the amounts of notes payable within one year from date of issue that are secured by collateral.

NOTE: This account shall not include obligations which mature more than one year after date of issue, or demand or short-term notes issued to affiliated companies and includible in account 769, "Amounts payable to affiliated companies."

§ 10.752 *Traffic and car-service balances—Cr.* This account shall include the net of the balances receivable from or payable to other companies in the accounts representing interline freight, passenger, and baggage revenues, and charges for equipment interchanged on a per diem or a mileage basis, when such balances result in a net credit.

NOTE A: When the net of the balances is a debit it shall be included in account 705, "Traffic and car-service balances-Dr."

NOTE B: The amount to be entered in this account in the carrier's annual report to the Commission shall be stated in accordance with the text of this account. For convenience in accounting the carrier may maintain currently separate subaccounts under the following captions:

705 and 752 (a) Interline freight, balance.
705 and 752 (b) Interline passenger, balance.
705 and 752 (c) Interline baggage, balance.
705 and 752 (d) Equipment interchanged, balance.

§ 10.753 *Audited accounts and wages payable.* This account shall include the amount of audited vouchers or accounts and audited payrolls unpaid on the date

of the balance sheet. It shall include balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages and all other unpaid vouchered items.

§ 10.754 *Miscellaneous accounts payable.* This account shall include outstanding drafts drawn by station agents, outstanding drafts drawn on the company in settlement of freight claims, conductors' refund and extra-fare checks not presented for redemption, deposits of affiliated companies subject to current settlement, taxes collected from employees and others for the account of taxing agencies, and other items of the nature of demand liabilities not covered by accounts 751, 752, 753, 755 and 756.

NOTE: The amount to be reported under this account is not the net balance between this account and account 707, "Miscellaneous accounts receivable."

§ 10.755 *Interest matured unpaid.* This account shall include the amount of matured and unpaid interest on funded debt, and other obligations of the accounting company for which provision has been made for current settlement.

Interest which matures on the first day following that for which the balance sheet is made shall be included in this account.

NOTE: Interest matured unpaid on nonnegotiable debt to affiliated companies, if not subject to current settlement, shall be included in account 769, "Amounts payable to affiliated companies."

§ 10.756 *Dividends matured unpaid.* This account shall include the amount of dividends payable on capital stock but unpaid, uncalled for, or unclaimed at the date of the balance sheet.

Dividends which become payable on the first day following that for which the balance sheet is made shall be included in this account.

§ 10.757 *Unmatured interest accrued.* This account shall include the amount of interest subject to current settlement accrued to the date the balance sheet is made, but not payable until after the first day following that date, on funded securities or obligations, debt in default, receivers' and trustees' securities, amounts payable to affiliated companies, notes payable and other indebtedness issued or assumed by the accounting company.

NOTE A: Interest accrued which is not paid when it matures shall be included in account 781, "Interest in default", unless provision has been made for current settlement. Where interest is in default, subsequent accruals shall be credited direct to account 781, "Interest in default."

NOTE B: Interest accrued on amounts recorded in account 769, "Amounts payable to affiliated companies," and not subject to current settlement, shall be included in that account.

§ 10.758 *Unmatured dividends declared.* This account shall include dividends declared on capital stock, but not payable until after the first day following the date of the balance sheet.

§ 10.759 *Accrued accounts payable.* This account shall include estimates of all unaudited items payable by the carrier to the date of the balance sheet, including those which are chargeable to revenue, expense, or income accounts in accordance with the instruction relating to unaudited items.

Examples of items to be included:

Rents payable under leases due subsequent to the date of the balance sheet which are not includible in account 754, "Miscellaneous accounts payable."

Amounts payable to others for unreported interline traffic.

Amounts payable to others for use of facilities, including equipment, for which bills have not been rendered.

Amounts payable to others for services for which bills have not been rendered.

NOTE: Do not include in this account the carrier's estimate of liability in respect of revenue overcharges, injuries to persons, and loss and damage claims. Such estimated liability shall be credited to account 774, "Casualty and other reserves."

§ 10.760 *Taxes accrued.* This account shall be credited with the accruals of all taxes which have been concurrently charged to the appropriate income or other accounts for taxes. Such accruals may be based upon estimates, provided such estimates shall be adjusted so as to reflect in this account at all times the carrier's estimate of its unpaid liability for each of the several classes of taxes which have not been finally settled.

Vouchers for the current payment of taxes, including taxes for which accruals have not been made previously, shall be charged to this account. Taxes paid in advance shall also be charged to this account.

The records supporting the entries in this account shall be kept to show separately by classes of taxes the amount of the tax accruals for the current year and adjustments of accruals for prior years.

§ 10.761 *Other current liabilities.* There shall be included in this account the principal amount of unpresented bonds drawn for redemption through the operation of sinking and redemption fund agreements, also the principal amount of unpresented funded debt obligations, and receivers' and trustees' securities which have matured (for which provision has been made for current settlement), and other current liabilities not covered by accounts 751 to 760, inclusive.

§ 10.765 *Funded debt unmatured.* There shall be included in this account the total par value of unmatured debt (other than equipment obligations), maturing more than one year from date of issue, issued by the accounting company and not retired or canceled, and the total par value of similar unmatured debt of other companies, the payment of which has been assumed by the accounting company.

The amounts included in this account shall be divided so as to show the par value of (1) certificates or other evidences of funded debt (pledged and unpledged) held in the company's treasury, by its agents or trustees, or otherwise subject to its control, including both those reacquired after actual issue and those nominally but never actually issued; and (2) certificates or other evidences of funded debt issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control.

The amounts included herein shall be further divided so as to show the amount of each class of funded debt, as follows:

(a) *Mortgage bonds.* Bonds secured by lien on physical property and not includible in the other subdivisions of this account.

(b) *Collateral trust bonds.* Bonds and notes secured by a lien on securities or other negotiable paper; and stock trust certificates that are similar in character to collateral trust bonds.

(c) *Income bonds.* Bonds which are a lien on a carrier's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only in case interest is earned.

(d) *Miscellaneous obligations.* All funded obligations not provided for by the other subdivisions of this account, also notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real estate mortgages executed or assumed and other similar obligations maturing more than one year from date of issue, but excluding liabilities for assessments for public improvements and those evidenced by conditional or deferred equipment purchase contracts for which provision is made in account 782, "Other liabilities," and account 766, "Equipment obligations," respectively.

(e) *Receipts outstanding for funded debt.* Receipts for payments on account of funded debt. When certificates are issued for amounts so paid, the par value shall be included in the account covering the class of funded debt for which the certificates are issued.

Each of the above classes shall also be divided into subclasses according to differences in mortgage or other lien or security therefor, rate of interest, interest dates, or date of maturity. Parts of any issue agreeing in other characteristics but maturing serially may be treated as of the same subclass.

Records shall be maintained in such manner as to show (1) securities the issuance or assumption of which has been authorized by the Commission under section 20a of the Interstate Commerce Act, and similar securities issued or assumed prior to the effective date of that provision of the act, and (2) other obligations of a kind which may legally be issued or assumed without such authorization.

NOTE A: Securities (other than equipment obligations) maturing one year or less from date of issue shall be included in accounts 769, "Amounts payable to affiliated companies," or 751, "Loans and notes payable," except that where an issue of securities maturing serially over a period of years contains short-term obligations such obligations may be included as funded debt. Matured funded debt shall be included in account 761, "Other current liabilities," if provision has been made for current settlement. If no provision has been made for current settlement, matured funded debt shall be included in account 768, "Debt in default," except that when the collection of matured funded debt of affiliated companies is not enforced by controlling companies, the principal amount (to the extent held by a controlling company) shall be included in account 769, "Amounts payable to affiliated companies."

NOTE B: For the purposes of the balance-sheet statement funded debt securities are considered to be nominally issued when certified by trustees and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company. They are considered to be actually issued when they have been sold to a bona fide purchaser for a valuable

consideration, and such purchaser holds them free from all control by the accounting company. All funded debt securities actually issued and not reacquired and held by or for the accounting company are considered to be actually outstanding. If reacquired by or for the accounting company under such circumstances as require them to be considered as held alive and not canceled or retired, they are considered to be nominally outstanding.

NOTE C: Nonnegotiable notes having a maturity of more than one year after date of issue, held by affiliated companies, shall be included in account 769, "Amounts payable to affiliated companies."

NOTE D: Securities nominally issued or reacquired and held in the company's treasury, except securities held by trustees in sinking or other funds, shall be included in a subdivision of this account. In the general balance-sheet statement the total unmatured funded debt included in the account shall be shown in the first short column. The amount nominally but not actually issued and the amount nominally oustanding shall be shown in the second short column, and in the long column shall be shown the amount actually outstanding.

§ 10.766 *Equipment obligations.* This account shall include the par value of equipment securities and the principal amount of contractual obligations including those maturing serially or payable in installments over a period of more than one year.

The amounts included herein shall be divided as follows:

(a) Principal amount of equipment securities including those maturing serially, issued or assumed by the accounting company or by receivers and trustees, which have been authorized by the Commission under section 20a of the Interstate Commerce Act and similar securities issued or assumed prior to the effective date of that provision of the Act.

(b) Principal sums of obligations for equipment purchased under conditional or deferred payment contracts, which may be legally entered into or assumed by the accounting company or by receivers and trustees, without authorization by the Commission.

NOTE: Amounts included in this account which are payable within one year from the date of the balance sheet shall be shown in a footnote thereto.

§ 10.767 *Receivers' and trustees' securities.* When receivers or trustees acting under the orders of a court are in possession of the property of the company, and under the order of such court issue or assume evidences of indebtedness (other than equipment securities or obligations) the par value of such evidences shall be credited to this account.

NOTE: The par value of equipment securities or the principal amount of obligations incurred for the purchase of equipment under conditional or deferred payment contracts shall be included in account 766, "Equipment obligations."

§ 10.768 *Debt in default.* This account shall include amounts transferred from other accounts representing matured funded securities or obligations, receivers' and trustees' securities, equipment obligations and short-term notes, when maturity dates of such obligations have not been extended.

NOTE A: The principal amount of matured funded debt of affiliated companies the collection of which is not enforced by the controlling company shall (to the extent of the principal amount held by the controlling company) be included in account 769, "Amounts payable to affiliated companies."

NOTE B: The principal amount of unpresented funded debt obligations which have matured, and for which provision has been made for payment shall be included in account 761, "Other current liabilities."

§ 10.769 *Amounts payable to affiliated companies.* This account shall include the par value of nonnegotiable notes issued to affiliated companies, matured funded debt of affiliated companies held by controlling companies where there is no agreement for an extension as to time of payment and collection of the principal is not enforced, credit balances in open accounts with such companies other than credit balances in current accounts classable as current liabilities, and interest accrued on notes, matured funded debt of affiliated companies and open accounts included in this account, when such interest is not subject to current settlements.

This account shall be divided:

(a) Notes, including herein not only nonnegotiable notes that run longer than a term of one year, but also such notes payable on demand or within one year from the date of issue when it is mutually agreed that the notes shall not be enforced as current assets by the holder.

(b) Par value of matured funded debt of affiliated companies held by controlling companies where there is no agreement for an extension of time and collection is not enforced.

(c) Open accounts not subject to current settlement.

(d) Interest accrued on amounts included in this account when not subject to current settlements.

NOTE A. Accounts with affiliated companies which are subject to current settlements, such as traffic and car-service balances, charges for material and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities, as may be appropriate.

NOTE B. No item shall be included in this account which is not known to be the property of an affiliated company.

NOTE C. The term affiliated companies includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.
2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.
3. Companies controlled by controlled companies.
4. Companies controlled by controlling companies.

By "control" is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

(a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.

(b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.

(c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

(d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.

(e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

"Sole control" is that which rests in one corporation.

"Joint control" is that which rests in two or more corporations and which is held under a joint arrangement.

§ 10.771 *Pension and welfare reserves.* This account shall include the credit balances representing the liability of the carrier for amounts provided by charges to operating expenses or by specific appropriations of income or retained income, including amounts contributed by employees, irrespective of whether carried in special funds or in the general funds of the carrier, for pensions, accident and death benefits, savings, relief, hospital, or other provident purposes.

Separate subaccounts shall be kept for each kind of reserve created, and the appropriate reserve shall be charged when payments are made to retired employees, or disbursements are made for the purposes for which the reserves were created.

§ 10.772 *Insurance reserves.* This account shall include the net credit balance in the accounts to which are credited insurance premiums concurrently charged to operating expenses to cover self-carried risks on fire, fidelity, boiler, casualty, burglar, and other insurance, and to which are charged losses sustained on items protected by such insurance.

§ 10.773 *Equalization reserves.* This account shall include ledger balances representing reserves created by charges to operating expenses for maintenance of road and equipment under a program designed to equalize such expenses by months within a calendar year. The debit or credit balances in this account shall be closed at the end of each calendar year to the accounts through which they were created.

§ 10.774 *Casualty and other reserves.* This account shall include reserves created by charges to operating expenses to provide for estimated liability for injuries to persons and loss and damage claims; estimated liability for revenue overcharges, such as those covered by reparation claims; and reserves not otherwise provided for in balance sheet accounts.

NOTE: With respect to injuries to persons and loss and damage claims, if the settlements when audited are charged to this account the balances for each year shall be kept separately until all items have been adjusted and cleared, but, if the settlements when audited are charged to the appropriate expense accounts the balance in this account shall be adjusted through the appropriate expense accounts so as to reflect the probable liability at the close of each year.

§ 10.781 *Interest in default.* This account shall include the amount of matured and unpaid interest (for which no provision has been made for current settlement) on all indebtedness issued or assumed by the accounting company except interest which is added to the prin-

cipal of the debt on which incurred. Where interest is in default, subsequent accruals shall be credited direct to this account.

§ 10.782 *Other liabilities.* This account shall include assessments for public improvements payable over a period longer than one year; retained percentages due contractors to be paid upon completion of contracts; deposits for construction of side tracks to be refunded on basis of an agreed portion of the earnings from the traffic handled over the tracks; other deferred liabilities; and liabilities not otherwise provided for in general balance sheet accounts.

NOTE: The amount of assessments for public improvements, if payments are to be made within one year, shall be included in account 761, "Other current liabilities."

§ 10.783 *Unamortized premium on long-term debt.* This account shall include the total of the net credit balances in the discount, expense, and premium accounts for the several subclasses of funded debt.

§ 10.784 *Other deferred credits.* This account shall include the amount of credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, such as amounts received from sale of mileage tickets, to be disposed of as mileage is honored; amounts received from sales of excess baggage script, to be disposed of as coupons are honored; interchangeable mileage credential ticket redemption funds; amounts collected from the sale of damaged, unclaimed, and over freight held pending claim; credit balances in clearing accounts, such as "Shop expenses," "Store expenses," "Operating gravel pits," and "Operating quarries"; unadjusted credit items not otherwise provided for; and similar items, the proper disposition of which is uncertain.

§ 10.785 *Accrued depreciation; leased property.* This account shall be credited with amounts concurrently charged to operating expenses or other accounts to cover the estimated accrued depreciation on leased road and equipment when settlements between the accounting company and the lessor are not made currently. It shall also be credited with depreciation accrued on property the cost of which is included in account 732, "Improvements on leased property." When leased property for which accruals have been included in this account is retired from service, the entire service value of property the cost of which has been charged to account 732 by the lessee and the service value of property, the ledger value of which is carried in account 731, "Road and equipment property," by the lessor for which the lessee is liable to the lessor shall be charged to this account.

§ 10.791 *Capital stock issued.* This account shall include the total par value of par value stock, and the total amount paid in or the amount approved by the Commission for stock without par value, for all shares of capital stock or other form of proprietary interest in the accounting company which have been issued to bona fide purchasers and have not been reacquired and canceled, also shares of stock nominally issued, and reacquired shares which have not been canceled.

Appropriations of retained income which have been transferred to no par stock account shall also be included. The amount of the consideration received from the sale of par value stock in excess of the amount credited to this account shall be credited to account 794, "Premiums and assessments on capital stock."

When capital stock is retired or canceled, this account shall be charged with the amount at which such stock is carried in this account. In the case of no par stock the amount to be charged hereto shall be the proportion, applicable to the reacquired shares immediately prior to reacquisition, of the total book liability included herein of actually outstanding shares of the particular class and series of stock of which the reacquired shares are a part.

The amounts included in this account shall be recorded so as to show:

(a) Par value of shares of par value stock and amount paid in or approved by the Commission of shares of no par stock (pledged or unpledged) held in the company's treasury, by its agents or trustees, or otherwise subject to its control, including shares nominally but never actually issued and

(b) Par value of shares of par value stock and amount paid in or approved by the Commission of shares of no par stock issued and actually outstanding, being the shares not held by the company, its agents or trustees, or subject to its control.

The amounts included herein shall be further divided so as to show the amount of each class of stock issued, separated as between par value and no par value stock, as follows:

(1) *Common stock.* Stocks which have no preference over other issues of stock in distribution of dividends or of assets.

(2) *Preferred stock.* Stocks having preference over other issues of stock in distribution of dividends or of assets.

(3) *Debenture stock.* Stocks issued under a contract to pay a specified return at specified intervals.

(4) *Receipts outstanding for installments paid.* Receipts for payments on account of subscriptions to capital stock.

When the subscriber has paid his subscription in full and is entitled to receive certificates representing the shares for which he has subscribed, the par value of stocks having par value or the agreed purchase price or the price authorized by the Commission of stock without par value shall be included in the division appropriate for the class for which the certificates are issued.

Each of the above classes shall also be divided into subclasses according to differences in dividend or interest rights, voting rights, or conditions under which the securities may be retired.

NOTE A: When a general levy or assessment is made against the holders of capital stock, requiring the payment of any sum in addition to the consideration agreed upon at the time of sale, the amount collected upon such levy or assessment shall be credited to account 794, "Premiums and assessments on capital stock."

NOTE B: When capital stock having par value is exchanged for capital stock without par value any sums resting in account 794, "Premiums and assessments on capital stock," with respect thereto shall be cleared to account 791, "Capital stock issued," and any amounts resting in the discount account with respect thereto shall be cleared to account 795, "Paid-in surplus"; *Provided, however,* That any excess over the amount of accumulated net gains applicable to the subclass exchanged included in paid-in surplus shall be charged to account 621, "Miscellaneous debits."

NOTE C: An appropriate record shall be maintained with respect to shares of capital stock showing the number of shares nominally issued, nominally outstanding, actually issued and actually outstanding.

NOTE D: For the purpose of the balance-sheet statement capital stock is considered to be nominally issued when certificates are signed and sealed and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company. It is considered to be actually issued when it has been sold to a bona fide purchaser for a valuable consideration, and such purchaser holds it free from all control by the accounting company. All capital stock actually issued and not reacquired and held by or for the accounting company is considered to be actually outstanding. If reacquired by or for the accounting company under such circumstances as require it to be considered as held alive and not canceled or retired, it is considered to be nominally outstanding.

NOTE E: Shares of stock nominally issued or reacquired and held in the company's treasury, except shares held by trustees in sinking or other funds, shall be included in a subdivision of this account. In the balance-sheet statement the balance in the subaccount shall be stated in the short column only.

§ 10.792 *Stock liability for conversion.* This account shall include the company's liability under agreements to exchange its capital stock for the outstanding securities of companies whose physical property has been acquired under such agreements, but whose securities have not yet been surrendered for exchange.

§ 10.793 *Discount on capital stock.* This account shall include discount suffered in the issuance and sale of capital stock. Record supporting the entries to this account shall be kept to show the discount suffered, if any, on each subclass of capital stock.

§ 10.794 *Premiums and assessments on capital stock.* This account shall include the excess of the actual cash value (at the time of the sale of the stock) of the consideration received over the amounts recorded in account 791, "Capital stock issued," for par value stock plus accrued dividends, if any, also subsequent assessments against stockholders representing payments required in excess of par or other amounts recorded in account 791, "Capital stock issued," in accordance with the text of that account.

When capital stock is retired and canceled, the amount in this account with respect to the shares of such stock retired and canceled shall be charged hereto.

§ 10.795 *Paid-in surplus.* This account shall include such items as amount of consent dividends on the accounting company's capital stock; surplus arising

from donations by the accounting company's stockholders; amounts representing reduction of the par or recorded value of the accounting company's capital stock; amounts of forfeited subscriptions to the accounting company's capital stock; gains from the acquisition, retirement, or resale of reacquired shares of the accounting company's capital stock; and long-term debt of the accounting company forgiven by stockholders.

It shall be charged with amounts included herein when capitalized by stock dividends or otherwise with the approval of the Commission, and losses from retirement or resale of reacquired shares up to an amount not in excess of credits included herein applicable to the reacquired shares; and may be charged with the amortization of discount on capital stock to the extent of credits herein.

§ 10.796 *Other capital surplus.* This account shall include all capital surplus not provided for in account 795, "Paid-in surplus."

§ 10.797 *Retained income; appropriated.* This account shall include the total of the net balances of appropriations of income and retained income for the acquisition of capital assets; the retirement of debt; sinking and redemption funds; and all other appropriations specifically set aside in the hands of trustees as well as appropriations held in general funds for which no specific investment or segregation of assets has been made. It shall also include accretions to the assets held in such special funds.

A subdivision of this account shall be maintained by classes of appropriations, the titles of which shall indicate the purpose for which the appropriations were made.

§ 10.798 *Retained income; unappropriated.* This account shall include the net balance (debit or credit) of the amounts included in accounts 601 to 621, inclusive. It shall not include transfers either to or from accounts 795, "Paid-in surplus," or 796, "Other capital surplus," unless so authorized upon application to the Commission.

Any balance representing retained income not segregated at the date of the balance sheet shall be included in a subdivision of this account.

The balance of accounts 601 to 621, inclusive, shall be closed into this account at the end of each calendar year.

§ 10.799 *Form of general balance sheet statement.* The classified form of general balance sheet statement is designed to show the financial condition of the accounting company at any specified date.

ASSETS

Current assets:
- 701. Cash.
- 702. Temporary cash investments.
- 703. Special deposits.
- 704. Loans and notes receivable.
- 705. Traffic and car-service balances—Dr.
- 706. Net balance receivable from agents and conductors.
- 707. Miscellaneous accounts receivable.
- 708. Interest and dividends receivable.
- 709. Accrued accounts receivable.
- 710. Working fund advances.
- 711. Prepayments.
- 712. Material and supplies.
- 713. Other current assets.
- Total current assets.

Special funds:
- 715. Sinking funds.
- 716. Capital and other reserve funds.
- 717. Insurance and other funds.
- Total special funds.

Investments:
- 721. Investments in affiliated companies.
- 722. Other investments.
- 723. Reserve for adjustment of investment in securities—Cr.
- Total investments.

Properties:
- 731. Road and equipment property.
- 732. Improvements on leased property.
- 733. Acquisition adjustment.
- 734. Donations and grants—Cr.
- Total transportation property.
- 735. Accrued depreciation—Road and Equipment.
- 736. Amortization of defense projects—Road and Equipment.
- Total transportation property less recorded depreciation and amortization.
- 737. Miscellaneous physical property.
- 738. Accrued depreciation—Miscellaneous physical property.
- Miscellaneous physical property less recorded depreciation.
- Total properties less recorded depreciation and amortization.

Other assets and deferred charges:
- 741. Other assets.
- 742. Unamortized discount on long-term debt.
- 743. Other deferred charges.
- Total other assets and deferred charges.
- Total assets.

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:
- 751. Loans and notes payable.
- 752. Traffic and car-service balances—Cr.
- 753. Audited accounts and wages payable.
- 754. Miscellaneous accounts payable.
- 755. Interest matured unpaid.
- 756. Dividends matured unpaid.
- 757. Unmatured interest accrued.
- 758. Unmatured dividends declared.
- 759. Accrued accounts payable.
- 760. Taxes accrued.
- 761. Other current liabilities.
- Total current liabilities.

Long-term debt: [1]
- 765. Funded debt unmatured.
- 766. Equipment obligations.
- 767. Receivers' and Trustees' securities.
- 768. Debt in default.
- 769. Amounts payable to affiliated companies.
- Total long-term debt (due within one year $).

Reserves:
- 771. Pension and welfare reserves.
- 772. Insurance reserves.
- 773. Equalization reserves.
- 774. Casualty and other reserves.
- Total reserves.

Other liabilities and deferred credits:
- 781. Interest in default.
- 782. Other liabilities.
- 783. Unamortized premium on long-term debt.
- 784. Other deferred credits.
- 785. Accrued depreciation—Leased property.
- Total other liabilities and deferred credits.

Shareholders' equity:

Capital stock (par or stated value):
- 791. Capital stock issued.[1]
- 792. Stock liability for conversion.
- 793. Discount on capital stock.
- Total capital stock.

Capital surplus:
- 794. Premiums and assessments on capital stock.
- 795. Paid-in surplus.
- 796. Other capital surplus.
- Total capital surplus.

Retained income:
- 797. Retained income—Appropriated.
- 798. Retained income—Unappropriated.
- Total retained income.
- Total shareholders' equity.
- Total liabilities and shareholders' equity.

[1] To be divided as to "Total issued" and "Held by or for company."

CLASSIFICATION OF MILEAGE ACCOUNTS

TRAIN MILES

§ 10.800 *Rules and definitions.* (a) A train is a unit of equipment, or a combination of units of equipment (exclusive of light locomotives), in condition for movement over tracks by self-contained motor equipment. A locomotive is a self-propelled unit of equipment designed solely for moving other equipment. A light locomotive is a locomotive in condition for movement by its own motor equipment, uncoupled to cars, work equipment, or dead locomotives. A motor car is a self-propelled unit of equipment designed to carry freight or passenger traffic, and is not to be considered a locomotive.

(b) A train-mile is the movement of a train a distance of 1 mile.

(c) In computing train-miles, fractions representing less than one-half mile shall be disregarded and other fractions considered as 1 mile.

(d) Transportation service train-miles shall be based on the actual distance run between terminals and stations, and shall be computed from the official time-tables or distance tables.

(e) Work service train-miles shall be based on the actual distance run between terminals. When work trains are run between terminals and not ordered to work at some specified point or within specified working limits, the actual miles run shall be allowed to them, the same as to any other class of trains. When ordered to run to a certain point to work at that point or within specified working limits, the actual miles made while under running orders shall be allowed, and in addition an arbitrary mileage of 6 miles per hour for the time working at the point or within the working limits named. In computing such arbitrary mileage, fractions representing less than one-half hour shall be disregarded and other fractions considered as one hour. Constructive miles on the basis of 6 miles per hour shall be allowed trains run for the purpose of removing snow when the actual miles of such trains are less than the constructive miles. No record is required of work-train miles on new roads, road extensions, or portions of such roads or extensions, before the commencement of the regular operation of revenue service trains.

(f) Each train and each section of a train run by a separate train crew shall be considered a separate train, whether hauled by one or more locomotives either the whole distance or a part of the distance between the train terminals. There shall be nothing added to this distance to cover running of locomotives from enginehouses to terminals, doubling hills, running for water, switching, or other work at way stations, or for the service of helper or pusher locomotives or of extra locomotives on double-head or triple-head trains.

(g) When the carrier's trains, hauled by its locomotives and handled by its crews, are detoured over foreign roads, the miles shall be computed on the basis of the miles actually run, and classified by it in its train-miles in accordance with the service performed.

(h) Separate accounts of train-miles shall be kept for trains hauled by locomotives and for trains moved by motor cars.

TRAIN-MILE ACCOUNTS

Transportation Service[2]

§ 10.801 *Freight-train miles.* This account shall include miles run by all trains between terminals or stations for the transportation of revenue and company freight; also miles run by trains consisting of empty freight cars, and by trains consisting of a locomotive and caboose running light in connection with such service.

Trains which contain passenger-train cars shall be classed as freight trains whenever the number of freight-train cars is in excess of the number of passenger-train cars in them.

Freight-train miles shall be subdivided as follows:

Ordinary freight-train miles: Miles run by trains consisting of a locomotive, with or without caboose, with other equipment.

Light freight-train miles: Miles run by trains consisting of a locomotive and caboose, running light in connection with freight-train service.

§ 10.802 *Passenger-train miles.* This account shall include miles run by revenue service trains to transport passengers, baggage, mail, milk, express, or any combination of these; also miles run by trains consisting of deadhead passenger equipment.

Trains which contain freight-train cars shall be classed as passenger trains whenever the number of passenger-train cars is in excess of the number of freight-train cars in them.

[2] These accounts shall include the miles of all revenue service trains, including trains which incidentally carry employees or company freight. They shall also include the miles of trains which are operated between terminals or stations to transport company freight, when the service is similar to that connected with the transportation of commercial freight and statistics of ton-miles are kept.

The trains here referred to are those the locomotive and train expenses of operating which are includible in the locomotive and train expense accounts in § 10.370 *Transportation; rail line.*

NOTE: This account does not apply to trains run for the transportation of mail or milk upon the basis of authorized tariffs at rates based upon weight. The miles of such trains shall be classed as freight-train miles.

Work Service

§ 10.805 *Work-train miles.* This account shall include miles run by trains engaged in company service, such as official, inspection, and pay trains; inspection trains for railway commissioners for which no revenue is received; trains running special with fire apparatus to save the carrier's property from destruction; trains run for transporting the carrier's employees to and from work when no transportation charge is made; wrecking trains; trains run for the purpose of ditching, filling embankments, and widening cuts; trains run for the purpose of removing snow; trains distributing ties, rails, other track material, ballast, bridge material, and other material and supplies for maintenance or for additions and betterments; trains run for picking up and concentrating such material; and trains run for distributing material and supplies for use in connection with operation.

NOTE B: The accounting for expenses of work-train service shall be in accordance with paragraph (c) of § 10.01-4 *Cost of construction* and paragraph (c) of § 10.04-3 *Cost of repairs*, and other requirements of the accounting regulations for operating expenses.

NOTE C: No record is required of the miles of construction trains on new roads or road extensions, or on portions of such roads or extensions, before the commencement of the regular operation of revenue service trains.

LOCOMOTIVE MILES

§ 10.810 *Rules and definitions.* (a) A locomotive is a self-propelled unit of equipment designed solely for moving other equipment. A locomotive-mile is a movement of a locomotive a distance of 1 mile, under its own power.

(b) In computing locomotive-miles fractions representing less than one-half mile shall be disregarded, and other fractions considered as 1 mile.

(c) All locomotive-miles made in hauling transportation service trains shall be based upon the actual distance run between terminals or stations, and shall be computed from the official time-tables or distance tables as prescribed for train-miles.

(d) Light-locomotive miles shall be based on the actual distance locomotives run, except that no light-locomotive miles shall be allowed for terminal service where the distance in one direction is less than one-half mile.

(e) Miles of locomotives in helper service shall be computed on the basis of actual distance run in such service.

(f) Train switching locomotive-miles shall be computed at the rate of 6 miles per hour for the time actually engaged in such service. In computing such arbitrary mileage fractions representing less than one-half hour shall be disregarded and other fractions considered as one hour.

(g) Yard switching locomotive-miles shall be computed at the rate of 6 miles per hour for the time actually engaged in such service. In computing yard switching locomotive-miles, fractions representing less than one-half hour shall be disregarded, and other fractions considered as one hour.

(h) Work-train locomotive-miles shall be computed according to the rules prescribed for work-train miles. Miles of work locomotives employed in switching at shops for shop purposes, spotting cars in gravel pits, working with pile drivers, etc., shall be computed upon the basis of 6 miles per hour for the actual time in the service. In computing the time engaged fractions representing less than one-half hour shall be disregarded and other fractions considered one hour.

(i) The miles of new or generally repaired locomotives running light in breaking-in service shall not be included in the locomotive-mile accounts.

(j) No record is required of the miles of locomotives in construction service on new roads or road extensions, or on portions of such roads or extensions, before the commencement of the regular operation of revenue service trains.

(k) A separate record shall be kept for miles of steam locomotives and for miles of other locomotives.

(l) Miles of motor cars shall not be classed as locomotive-miles.

LOCOMOTIVE-MILE ACCOUNTS

Transportation Service; Line[3]

§ 10.811 *Freight locomotive-miles.* This account shall include miles run by locomotives in freight-train service, the train-miles of which are includible in account 801, "Freight-train miles."

Principal freight locomotive-miles: Miles run by locomotives principal to the train, between terminals or stations, with freight trains; also miles run by locomotives between terminals or stations, with cabooses, going to or returning from such service; and miles run in hauling the second cut of freight trains doubled over grades.

Helper freight locomotive-miles: Miles run by locomotives as helpers over the division or that portion covered by the run, or on important grades, including double-headers, triple-headers, and pushers, regardless of whether on the head end, in the middle, or on the rear of the train.

Light freight locomotive-miles: Miles run by locomotives light between terminals or stations in connection with freight-train service on account of unbalanced traffic; miles run light for hauling second cuts of trains doubled; miles run light between freight trains and next coaling station or water tank for coal or water; miles run light to pick up or assist freight trains between terminals; miles run light by grade helpers in returning from assisting freight trains as pushers or double-headers; and miles run light by locomotives coming from or going to enginehouses or turntables from freight-train service.

NOTE. No miles shall be allowed for light movements at terminals if the distance be-

[3] This account shall include the miles run by locomotives moving transportation service trains, and also miles run light in connection with such service.

tween enginehouses or turntables and freight-train terminals is less than one-half mile.

§ 10.812 *Passenger locomotive-miles.* This account shall include miles run by locomotives in passenger-train service, the train-miles of which are includible in account 802, "Passenger-train miles."

Principal passenger locomotive-miles: Miles run by locomotives principal to the train between terminals or stations, with passenger trains.

Helper passenger locomotive-miles: Miles run by locomotives as helpers over the division, or that portion covered by the run, or on important grades.

Light passenger locomotive-miles: Miles run by locomotives light between terminals or stations on account of unbalanced traffic, in connection with passenger-train service; miles run light between passenger trains and next coaling station or water tank for coal or water; miles run light to pick up or assist a passenger train between terminals; miles run light by grade helpers in returning from assisting passenger trains as pushers or double-headers; and miles run light by locomotives coming from or going to enginehouses or turntables from passenger-train service.

NOTE: No miles shall be allowed for light movements at terminals if the distance between enginehouses or turntables and passenger-train terminals is less than one-half mile.

Transportation Service; Switching

§ 10.815 *Train switching locomotive-miles.* This account shall include miles allowed train locomotives for performing switching service at terminals and way stations. Include such items as switching at industry tracks, team tracks, freight house tracks, and interchange tracks; picking up or leaving cars en route; switching out bad order cars, weighing cars, making up or breaking up train at points where no yard service is maintained. No time should be included representing delays that may occur after yard switching has been completed such as waiting for a train order, held up account of meeting with a train in opposite direction, waiting for waybills or other time lost due to conditions other than actual train switching.

§ 10.816 *Yard switching locomotive-miles.* This account shall include miles allowed yard locomotives while switching in yards where regular switching service is maintained; also miles of switching locomotives running light between terminals and yards where regular switching service is maintained in connection with switching service in such yards. This account shall be subdivided as follows:

Yard switching locomotive-miles; freight: Miles allowed yard locomotives in yards where regular switching service is maintained and in terminal switching and transfer service while engaged in switching cars in connection with the transportation of revenue freight; also miles allowed locomotives in such service while engaged incidentally in switching cars in connection with the transportation of company freight.

Yard switching locomotive-miles; passenger: Miles allowed yard locomotives while switching cars in connection with passenger-train service.

NOTE: Where yard switching is performed for both freight and passenger service by the same locomotive, or by locomotives assigned to one yard, a fair approximation of the mileage may be assigned to each service daily or monthly.

Work Service

§ 10.817 *Work service locomotive-miles.* This account shall include the actual miles run by locomotives in work-train service as defined in § 10.805; also miles of locomotives engaged solely in shop or material yard switching service.

NOTE A: Miles run by locomotives while engaged incidentally (in connection with regular yard switching service) in switching company material in company shop or material yards, or in switching equipment for repairs between yards and shops, shall be included in account 816, "Yard switching locomotive-miles."

NOTE B: Miles run by locomotives engaged in shop and material yard switching service, if operated by shop employees, shall not be included in this account.

CAR MILES

§ 10.820 *Rules and definitions.* (a) A car-mile is a movement of a unit of car equipment a distance of 1 mile.

(b) In computing car-miles, fractions representing less than one-half mile shall be disregarded, and other fractions considered as 1 mile.

(c) Separate accounts of car-miles shall be kept for the cars in trains hauled by locomotives and for the cars in trains moved by motor cars. The record of car-miles in trains moved by motor cars shall show separately the miles for motor cars and for cars not thus equipped.

CAR-MILE ACCOUNTS

Transportation Service

§ 10.821 *Freight-train car-miles.* (a) This account shall include the miles run by freight-train cars (including caboose cars) in transportation service. Such car-miles shall be subdivided as follows:

Loaded (run by loaded freight cars).
Empty (run by empty freight cars).
Caboose (run by caboose cars).

(b) This account shall be so kept as to show miles run in freight trains and in passenger trains separately.

§ 10.822 *Passenger-train car-miles.* (a) This account shall include the actual miles run by passenger-train cars in transportation service. It shall include miles of loaded cars and also of empty cars deadheaded in connection with the service, and shall be subdivided as follows:

(1) *Coaches.* Miles run by coaches and chair cars in which passengers are carried at regular tariff fares without extra charge for space occupied.

(2) *Combination coach cars.* Miles run by combination passenger and baggage, passenger and mail, and passenger and express cars in which passengers are carried at regular tariff fares without extra charge for space occupied.

(3) *Sleeping and parlor cars.* Miles run by sleeping, parlor, and other cars for which an extra fare is charged for space occupied.

(4) *Dining, club, lounge, and observation cars.* Miles run by dining, cafe, and other cars devoted exclusively to the serving of meals and other refreshments and by club, lounge, and observation cars without charge in excess of sleeping or parlor car fares.

(5) *Business cars.* Miles run by all railway business cars operated for the transportation of the carrier's officers and employees.

(6) *Other passenger-train cars.* Miles run by baggage, express, mail, milk, and postal cars, and by cars in which such services are combined. (This class includes no cars intended for the transportation of revenue passengers.)

(b) This account shall be so kept as to show miles run in freight trains and in passenger trains separately.

Work Service

§ 10.825 *Work service car-miles.* This account shall include miles run by cars in work trains, except by equipment which is designed exclusively for work service, such as snow plows, flangers, derricks, pile drivers, wrecking cranes, tool cars, and camp outfits. (For definition of work train see § 10.805.)

[F. R. Doc. 57-6387; Filed, Aug. 2, 1957; 8:49 a.m.]

TITLE 7—AGRICULTURE

Chapter I—Agricultural Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 51—FRESH FRUITS, VEGETABLES AND OTHER PRODUCTS (INSPECTION, CERTIFICATION AND STANDARDS)

SUBPART—UNITED STATES STANDARDS FOR FLORIDA AVOCADOS [1]

On June 21, 1957, a notice of proposed rule making was published in the FEDERAL REGISTER (22 F. R. 4392) regarding a proposed issuance of United States Standards for Florida Avocados.

After consideration of all relevant matters presented, including the proposal set forth in the aforesaid notice, the following United States Standards for Florida Avocados are hereby promulgated pursuant to the authority contained in the Agricultural Marketing Act of 1946 (60 Stat. 1087 et seq., as amended; 7 U. S. C. 1621 et seq.).

GRADES

Sec.
51.3050 U. S. No. 1.
51.3051 U. S. Combination.
51.3052 U. S. No. 2.
51.3053 U. S. No. 3.

UNCLASSIFIED

51.3054 Unclassified.

STANDARD PACK

51.3055 Standard pack.

APPLICATION OF TOLERANCES

51.3056 Application of tolerances.

[1] Packing of the product in conformity with the requirements of these standards shall not excuse failure to comply with the provisions of the Federal Food, Drug, and Cosmetic Act.

DEFINITIONS

Sec.
51.3057 Similar varietal characteristics.
51.3058 Mature.
51.3059 Overripe.
51.3060 Well formed.
51.3061 Clean.
51.3062 Well colored.
51.3063 Well trimmed.
51.3064 Damage.
51.3065 Fairly well formed.
51.3066 Fairly well colored.
51.3067 Serious damage.
51.3068 Badly misshapen.
51.3069 Very serious damage.

AUTHORITY: §§ 51.3050 to 51.3069 issued under sec. 205, 60 Stat. 1090, as amended; 7 U. S. C. 1624.

GRADES

§ 51.3050 *U. S. No. 1.* "U. S. No. 1" consists of avocados of similar varietal characteristics which are mature but not overripe, well formed, clean, well colored, well trimmed and which are free from decay, anthracnose, and freezing injury and are free from damage caused by bruises, cuts or other skin breaks, pulled stems, russeting or similar discoloration, scars or scab, sunburn, sunscald or sprayburn, cercospora spot, other disease, insects, or mechanical or other means.

(a) *Tolerances.* In order to allow for variations incident to proper grading and handling, not more than a total of 10 percent, by count, of the avocados in any lot may fail to meet the requirements of this grade: *Provided,* That not more than one-half of this amount, or 5 percent, shall be allowed for avocados affected by decay or anthracnose, including therein not more than 1 percent for avocados affected by decay. (See §§ 51.3055 and 51.3056.)

§ 51.3051 *U. S. Combination.* "U. S. Combination" consists of a combination of U. S. No. 1 and U. S. No. 2 avocados: *Provided,* That at least 60 percent, by count, of the avocados in each container meet the requirements of the U. S. No. 1 grade.

(a) *Tolerances.* In order to allow for variations incident to proper grading and handling, not more than a total of 10 percent, by count, of the avocados in any lot may fail to meet the requirements of the U. S. No. 2 grade: *Provided,* That not more than one-half of this amount, or 5 percent, shall be allowed for avocados affected by decay or seriously damaged by anthracnose, including therein not more than 1 percent for avocados affected by decay. No part of any tolerance shall be allowed to reduce for the lot as a whole the percentage of U. S. No. 1 fruit required or specified in the combination, but individual containers may have not more than 10 percent less than the percentage of U. S. No. 1 fruit required or specified. (See §§ 51.3055 and 51.3056.)

§ 51.3052 *U. S. No. 2.* "U. S. No. 2" consists of avocados of similar varietal characteristics which are mature but not overripe, fairly well formed, clean, fairly well colored, well trimmed and which are free from decay and freezing injury and are free from serious damage caused by anthracnose, bruises, cuts or other skin breaks, pulled stems, russeting or similar discoloration, scars or scab, sunburn, sunscald or sprayburn, cercospora spot, other disease, insects, or mechanical or other means.

(a) *Tolerances.* In order to allow for variations incident to proper grading and handling, not more than a total of 10 percent, by count, of the avocados in any lot may fail to meet the requirements of this grade: *Provided,* That not more than one-half of this amount, or 5 percent, shall be allowed for avocados affected by decay or seriously damaged by anthracnose, including therein not more than 1 percent for avocados affected by decay. (See §§ 51.3055 and 51.3056.)

§ 51.3053 *U. S. No. 3.* "U. S. No. 3" consists of avocados of similar varietal characteristics which are mature but not overripe, which are not badly misshapen, and which are free from decay and are free from serious damage caused by anthracnose and are free from very serious damage caused by freezing injury, bruises, cuts or other skin breaks, pulled stems, russeting or similar discoloration, scars or scab, sunburn, sunscald or sprayburn, cercospora spot, other disease, insects, dirt or mechanical or other means.

(a) *Tolerances.* In order to allow for variations incident to proper grading and handling, not more than a total of 10 percent, by count, of the avocados in any lot may fail to meet the requirements of this grade, including therein not more than 2 percent for avocados affected by decay. (See §§ 51.3055 and 51.3056.)

UNCLASSIFIED

§ 51.3054 *Unclassified.* "Unclassified" consists of avocados which have not been classified in accordance with any of the foregoing grades. The term "unclassified" is not a grade within the meaning of these standards, but is provided as a designation to show that no grade has been applied to the lot.

STANDARD PACK

§ 51.3055 *Standard pack.* (a) The avocados shall be packed in accordance with good commercial practice and the pack shall be at least fairly tight. The weight of the smallest fruit in any container shall be not less than 75 percent of the weight of the largest fruit in the container. Size of the avocados may be specified by count.

(b) In order to allow for variations incident to proper sizing and packing, not more than 5 percent, by count, of the avocados in any container may weigh less than 75 percent of the weight of the largest fruit: *Provided,* That no fruit in any container shall weigh less than 60 percent of the weight of the largest fruit in the container. In addition, not more than 5 percent of the containers in any lot may fail to meet the requirement as to tightness of pack.

APPLICATION OF TOLERANCES

§ 51.3056 *Application of tolerances.* (a) The contents of individual packages in the lot, based on sample inspection, are subject to the following limitations: *Provided,* That the averages for the entire lot are within the tolerances specified for the grade:

(1) For packages which contain more than 20 avocados and a tolerance of 10 percent or more is provided, individual packages in any lot shall have not more than one and one-half times the tolerance specified. For packages which contain more than 20 avocados and a tolerance of less than 10 percent is provided, individual packages in any lot shall have not more than double the tolerance specified, except that at least one defective and one off-size specimen may be permitted in any package; and,

(2) For packages which contain 20 avocados or less, individual packages shall have not more than double the tolerance specified, except that at least one defective and one off-size specimen may be permitted in any package.

DEFINITIONS

§ 51.3057 *Similar varietal characteristics.* "Similar varietal characteristics" means that the avocados in any container are similar in shape, texture and color of skin and flesh.

§ 51.3058 *Mature.* "Mature" means that the avocado has reached a stage of growth which will insure a proper completion of the ripening process.

§ 51.3059 *Overripe.* "Overripe" means that the avocado is dead ripe with flesh soft or discolored and past commercial use.

§ 51.3060 *Well formed.* "Well formed" means that the avocado has the normal shape characteristic of the variety.

§ 51.3061 *Clean.* "Clean" means that the avocado is practically free from dirt, staining or other foreign material.

§ 51.3062 *Well colored.* "Well colored" means that the avocado has the color characteristic of the variety.

§ 51.3063 *Well trimmed.* "Well trimmed" means that the stem, when present, is cut off fairly smoothly at a point not more than one-fourth inch beyond the shoulder of the avocado.

§ 51.3064 *Damage.* "Damage" means any defect which materially affects the appearance, or the edible or shipping quality of the individual fruit, or the general appearance of the avocados in the container. Any one of the following defects, or any combination of defects the seriousness of which exceeds the maximum allowed for any one defect, shall be considered as damage:

(a) Cuts or other skin breaks when not healed and penetrating beneath the epidermis or the aggregate area exceeds that of a rectangle 1 inch in length and one-eighth inch in width, or when healed and the appearance is materially affected;

(b) Pulled stems when the exposed stem cavity is excessively deep, or when skin surrounding the stem cavity is more than slightly torn;

(c) Russeting or similar discoloration when the appearance of the avocado is

affected to a greater extent than that of an avocado which has light brown surface discoloration aggregating 10 percent of the fruit surface;

(d) Scars or scab when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown superficial, fairly smooth scars aggregating 10 percent of the fruit surface;

(e) Sunburn when the appearance of the avocado is affected to a greater extent than that of an avocado which has greenish-yellow colored sunburn aggregating 10 percent of the fruit surface; and,

(f) Sunscald or sprayburn when not well healed, or when soft, or when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown, superficial scars aggregating 10 percent of the fruit surface.

§ 51.3065 *Fairly well formed.* "Fairly well formed" means that the avocado may be slightly abnormal in shape but not to the extent that the appearance is seriously affected.

§ 51.3066 *Fairly well colored.* "Fairly well colored" means that the avocado shows a shade of color which is fairly characteristic of the variety.

§ 51.3067 *Serious damage.* "Serious damage" means any defect which seriously affects the appearance, or the edible or shipping quality of the individual fruit, or the general appearance of the avocados in the container. Any one of the following defects, or any combination of defects the seriousness of which exceeds the maximum allowed for any one defect, shall be considered as serious damage:

(a) Anthracnose when any spot exceeds the area of a circle one-fourth inch in diameter, or when more than 3 spots each of which exceeds the area of a circle three-sixteenths inch in diameter;

(b) Cuts or other skin breaks when not healed and penetrating into the flesh of the fruit, or the aggregate area exceeds that of a rectangle 1 inch in length and one-fourth inch in width, or when healed and the appearance is seriously affected;

(c) Pulled stems when the skin surrounding the exposed stem cavity is torn more than an aggregate area of a circle one-fourth inch in diameter, or when the flesh is torn;

(d) Russeting or similar discoloration when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown surface discoloration aggregating 25 percent of the fruit surface;

(e) Scars or scab when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown superficial fairly smooth scars aggregating 25 percent of the fruit surface;

(f) Sunburn when the appearance of the avocado is affected to a greater extent than that of an avocado which has greenish-yellow colored sunburn aggregating 25 percent of the fruit surface;

(g) Sunscald or sprayburn when not well healed, or when soft, or when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown superficial, fairly smooth scars aggregating 25 percent of the fruit surface; and,

(h) Cercospora spot when any spot exceeds the area of a circle one-fourth inch in diameter, or when more than 3 spots each of which exceeds the area of a circle three-sixteenths inch in diameter, or when the aggregate area of all spots exceeds the area of a circle 1 inch in diameter.

§ 51.3068 *Badly misshapen.* "Badly misshapen" means that the avocado is so badly curved, constricted, pointed or otherwise deformed that the appearance is very seriously affected.

§ 51.3069 *Very serious damage.* "Very serious damage" means any defect which very seriously affects the appearance, or the edible or shipping quality of the avocado. Any one of the following defects, or any combination of defects the seriousness of which exceeds the maximum allowed for any one defect, shall be considered as very serious damage:

(a) Cuts or other skin breaks when not healed and penetrating into the flesh of the fruit, or any skin break very seriously affecting the appearance, or the edible or shipping quality;

(b) Pulled stems when the skin surrounding the exposed stem cavity is torn more than an aggregate area of a circle one-half inch in diameter, or when the flesh is torn;

(c) Russeting or similar discoloration when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown surface discoloration aggregating 50 percent of the fruit surface;

(d) Scars or scab when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown superficial, fairly smooth scars aggregating 50 percent of the fruit surface;

(e) Sunburn when the appearance of the avocado is affected to a greater extent than that of an avocado which has greenish-yellow colored sunburn aggregating 50 percent of the fruit surface; and,

(f) Sunscald or sprayburn when not well healed, or when the appearance of the avocado is affected to a greater extent than that of an avocado which has light brown superficial, fairly smooth scars aggregating 50 percent of the fruit surface.

The United States Standards for Florida Avocados contained in this subpart shall become effective 30 days after publication hereof in the FEDERAL REGISTER.

Dated: July 31, 1957.

[SEAL] FRANK E. BLOOD,
Deputy Administrator,
Marketing Services.

[F. R. Doc. 57-6382; Filed, Aug. 2, 1957; 8:52 a.m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[Valencia Orange Reg. 113]

PART 922—VALENCIA ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

LIMITATION OF HANDLING

§ 922.413 *Valencia Orange Regulation 113*—(a) *Findings.* (1) Pursuant to the marketing agreement and Order No. 22, as amended (7 CFR Part 922), regulating the handling of Valencia oranges grown in Arizona and designated part of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.; 68 Stat. 906, 1047), and upon the basis of the recommendations and information submitted by the Valencia Orange Administrative Committee, established under the said marketing agreement and order, as amended, and upon other available information, it is hereby found that the limitation of handling of such Valencia oranges as hereinafter provided will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The Committee held an open meeting during the current week, after giving due notice thereof, to consider supply and market conditions for Valencia oranges and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such Valencia oranges; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on August 1, 1957.

(b) *Order.* (1) The respective quantities of Valencia oranges grown in Ari-

zona and designated part of California which may be handled during the period beginning at 12:01 a. m., P. s. t., August 4, 1957, and ending at 12:01 a. m., P. s. t., August 11, 1957, are hereby fixed as follows:

(i) District 1: Unlimited movement;

(ii) District 2: 808,500 cartons;

(iii) District 3: Unlimited movement.

(2) All Valencia oranges handled during the period specified in this section are subject also to all applicable size restrictions which are in effect pursuant to this part during such period.

(3) As used in this section, "handled," "handler," "District 1," "District 2," "District 3," and "carton" have the same meaning as when used in said marketing agreement and order, as amended.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Dated: August 2, 1957.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F. R. Doc. 57-6424; Filed, Aug. 2, 1957; 11:28 a. m.]

[Lemon Reg. 698]

PART 953—LEMONS GROWN IN CALIFORNIA AND ARIZONA

LIMITATION OF HANDLING

§ 953.805 *Lemon Regulation 698*—(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 53, as amended (7 CFR Part 953), regulating the handling of lemons grown in California and Arizona, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.; 68 Stat. 906, 1047), and upon the basis of the recommendation and information submitted by the Lemon Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such lemons as hereinafter provided will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based becomes available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The Committee held an open meeting during the current week, after giving due notice thereof, to consider supply and market conditions for lemons and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such lemons; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on July 31, 1957.

(b) *Order.* (1) The respective quantities of lemons grown in California and Arizona which may be handled during the period beginning at 12:01 a. m., P. s. t., August 4, 1957, and ending at 12:01 a. m., P. s. t., August 11, 1957, are hereby fixed as follows:

(i) District 1: Unlimited movement;

(ii) District 2: 325,500 cartons;

(iii) District 3: Unlimited movement.

(2) As used in this section, "handled," "District 1," "District 2," "District 3," and "carton" have the same meaning as when used in the said amended marketing agreement and order.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Dated: August 1, 1957.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F. R. Doc. 57-6416; Filed, Aug. 2, 1957; 9:11 a. m.]

PART 995—MILK IN NORTH CENTRAL OHIO MARKETING AREA

ORDER SUSPENDING CERTAIN PROVISIONS

Pursuant to the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), hereinafter referred to as the "act", and of the order, as amended (7 CFR Part 995), regulating the handling of milk in the North Central Ohio marketing area, hereinafter referred to as the "order", it is hereby found and determined that:

(a) The following provisions of § 995.43 (d) will not tend to effectuate the declared policy of the act for the months of July and August, 1957:

(d) * * * (beginning in 1958) * * * which was a pool plant and which transferred milk to such distributing plant for at least three of the months of September through December, immediately preceding * * * the lesser of the following amounts * * *

(1) The monthly average number of pounds assigned to such supply plant as Class I milk from such distributing plant during the preceding period September through December, inclusive;

(2) An amount computed as follows: Determine the percentage which the volume of Class I milk described under subparagraph (1) of this paragraph bears to the monthly average pounds of Class I milk at such distributing plant for the preceding period September through December, inclusive, and multiply the total Class I milk at such distributing plant for the current month by such percentage; and (3)

(b) Notice of proposed rule making, public procedure thereon, and 30 days notice of the effective date hereof, are found to be impracticable, unnecessary, and contrary to the public interest in that:

(1) The information upon which this action is based did not become available in time sufficient for such compliance;

(2) Producers of more than 50 percent of the milk produced for this market, and the handler of the milk involved, have requested that these provisions be suspended. Other handlers have indicated no objection to this suspension action;

(3) It is found necessary to issue and make effective this suspension order to reflect current marketing conditions and to facilitate, promote, and maintain orderly marketing conditions in this marketing area; and

(4) This suspension order does not impose any additional financial obligation upon handlers and does not require of persons affected substantial or extensive preparation prior to its effective date.

Therefore, good cause exists for making this order effective immediately for the months of July and August, 1957.

It is therefore ordered, That the following provisions of § 995.43 (d) of the order be and hereby are suspended for the months of July and August, 1957:

(d) * * * (beginning in 1958) * * * which was a pool plant and which transferred milk to such distributing plant for at least three of the months of September through December, immediately preceding * * * the lesser of the following amounts * * *

(1) The monthly average number of pounds assigned to such supply plant as Class I milk from such distributing plant during the preceding period September through December, inclusive;

(2) An amount computed as follows: Determine the percentage which the volume of Class I milk described under subparagraph (1) of this paragraph bears to the monthly average pounds of Class I milk at such distributing plant for the preceding period September through December, inclusive, and multiply the total Class I milk at such distributing plant for the current month by such percentage; and (3)

Done at Washington, D. C., this 30th day of July 1957, to be effective for the months of July and August, 1957.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

[SEAL] EARL L. BUTZ,
Acting Secretary.

[F. R. Doc. 57-6349; Filed, Aug. 2, 1957; 8:45 a. m.]

TITLE 14—CIVIL AVIATION

Chapter II—Civil Aeronautics Administration, Department of Commerce

[Amdt. 29]

PART 609—STANDARD INSTRUMENT APPROACH PROCEDURES

PROCEDURE ALTERATIONS

The standard instrument approach procedures appearing hereinafter are adopted to become effective when indicated in order to promote safety. Compliance with the notice, procedures, and effective date provisions of section 4 of the Administrative Procedure Act would be impracticable and contrary to the public interest, and therefore is not required.

Part 609 is amended as follows:

NOTE: Where the general classification (L/MFR, ADF, VOR, TerVOR, VOR/DME, ILS, or RADAR), location, and procedure number (if any) of any procedure in the amendments which follow, are identical with an existing procedure, that procedure is to be substituted for the existing one, as of the effective date given, to the extent that it differs from the existing procedure; where a procedure is cancelled, the existing procedure is revoked; new procedures are to be placed in appropriate alphabetical sequence within the section amended.

1. The automatic direction finding procedures prescribed in § 609.100 (b) are amended to read in part:

ADF STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of Civil Aeronautics. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
DAL VOR	DAL RBn	Direct	2000	T-dn	300-1	300-1	200-½
Duncanville Int. or MHW	DAL RBn (Final)	Direct	1400	C-dn	400-1	500-1	500-1½
				S-dn-36#	400-1	400-1	400-1
				A-dn	800-2	800-2	800-2

Radar terminal area transition altitude: 2000'* within 20 mi.

*Radar control must provide 1000' clearance when within 3 miles or 500' clearance when within 3-5 miles of radio towers—1108' msl 20 mi N; 1221' msl 10 mi WNW, and TV tower 2349' msl 17 mi SSW of airport.

#If DAL FM not received, descent below 1400' and straight-in minima NA.

Procedure turn E side crs, 176 Outbnd, 356 Inbnd, 2600' within 10 mi. NA beyond 10 mi.

Minimum altitude over DAL FM on final approach, #1400'; RBn, 1100'.

Crs and distance, DAL FM to airport, 006—4.1.

Crs and distance, DAL RBn to airport, 006—1.2.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 1.2 mi turn left, climb to 2000' on crs of 342° within 20 mi, or when directed by ATC and when under positive radar contact, climb to 2000* on crs as directed by ATC.

CAUTION: 695' msl tank 1.7 mi SE of airport.

City, Dallas; State, Tex; Airport Name, Love Field; Elev 485'; Fac Class, H; Ident, DAL; procedure No. 2; Orig, Eff Date, 29 Aug 57

2. The very high frequency omnirange procedures prescribed in § 609.100 (c) are amended to read in part:

VOR STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of Civil Aeronautics. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less		More than 2-engine, more than 65 knots
					65 knots or less	More than 65 knots	
Dallas RBn	DAL-VOR	Direct	2000	T-dn	300-1	300-1	200-½
10 mi DME fix R-063	DAL-VOR (Final)	Direct	1500	C-dn*	400-1	500-1	500-1½
				A-dn	800-2	800-2	800-2

Radar terminal area transition altitude: 2000'# within 20 mi.

#Radar control must provide 1000' clearance when within 3 mi or 500' clearance when within 3-5 mi of radio towers—1108' msl 20 mi N, 1221' msl 10 mi WNW, and TV tower 2349' msl 17 mi SSW of airport.

Procedure turn N side of crs, 063 Outbnd, 243 Inbnd, 2000' within 10 mi. NA beyond 10 mi.

Minimum altitude over facility on final approach crs, 1500'; 1200' over 6.5 mi DME fix R-243; *900' over 8.2 mi DME fix R-243.

*If DME not utilized, landing minima are 700-2.

Crs and distance, facility to airport, 243—8.2; 243—6.5 mi from VOR to 6.5 mi DME fix; 243—1.7 mi from 6.5 mi DME fix to airport.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 8.2 mi, turn left, return to VOR, climbing to 2000', or when directed by ATC and under positive radar contact, climb to 2000'# on crs as directed by ATC within 20 mi.

CAUTION: 695' MSL tank 1.7 mi SE rny 31.

AIR CARRIER NOTE: On cargo and ferry flights no reduction in landing minima authorized.

City, Dallas; State, Tex; Airport Name, Love Field; Elev 485'; Fac Class, BVOR; Ident, DAL; Procedure No. 1; Amdt 6; Eff Date, 31 Aug 57; Sup Amdt No. 5; Dated, 27 May 56

3. The instrument landing system procedures prescribed in § 609.400 are amended to read in part:

ILS STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If an instrument approach procedure of the above type is conducted at the below named airport, it shall be in accordance with the following instrument approach procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of Civil Aeronautics. Initial approaches shall be made over specified routes. Minimum altitudes shall correspond with those established for en route operation in the particular area or as set forth below.

Transition				Ceiling and visibility minimums			
From—	To—	Course and distance	Minimum altitude (feet)	Condition	2-engine or less: 65 knots or less	2-engine or less: More than 65 knots	More than 2-engine, more than 65 knots
Augusta VOR	LOM	Direct	1800	T-dn	300-1	300-1	#200-½
Augusta LFR	LOM	Direct	1500	C-dn	600-2	600-2	600-2
City Int	LOM	Direct	1600	S-dn-35:			
Millen Int	LOM	Direct	1500	ILS	*300-¾	*300-¾	*300-¾
				ADF	400-1	400-1	400-1
				A-dn:			
				ILS	600-2	600-2	600-2
				ADF	800-2	800-2	800-2

#300-1 required on Runway 25.
*400-¾ required with glide slope inoperative.
Procedure turn W side S crs 168 Outbnd, 348 Inbnd, 1500′ within 10 mi. (Non-standard due to prohibited area.) Minimum altitude at G. S. int inbnd, 1500′ ILS, minimum altitude over LOM inbnd final 1000′ ADF.
Altitude of G. S. and distance to approach end of rny at OM 1470—4.3; at MM 332—0.5.
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 4.3 miles after passing LOM (ADF) climb to 2000′ on N crs ILS (348) within 20 miles, or when directed by ATC, turn left and climb to 1800′ on W crs AGS LFR within 20 miles.
NOTE: No approach lights.

City, Augusta; State, Ga; Airport Name, Bush; Elev 142′; Fac Class, ILS-IAGS; Ident, LOM-AG; Procedure No. 35; Amdt 4, Comb ILS & ADF; Eff Date, 31 Aug 57; Sup Amdt Proc No. 1, Amdt 3; Dated, 1 Oct 55

Dallas VOR	LOM	Direct	1800	T-dn	300-1	300-1	200-½
Ross Ave. Int	LOM	Direct	1800	C-dn	400-1	500-1	500-1½
Farmers Branch Int	LOM	Direct	1600	S-dn-13:			
Little Elm Int	LOM	Direct	1600	ILS	200-½	200-½	200-½
DAL RBn	LOM	Direct	1800	ADF	400-1	400-1	400-1
*Int FTW VOR R-082 and NW crs DAL ILS.	LOM (Final)	Direct	2200	A-dn:			
				ILS	600-2	600-2	600-2
				ADF	800-2	800-2	800-2

Radar terminal area transition altitude: 2000′** within 20 miles.
**Radar control must provide 1000′ clearance when within 3 mi or 500′ clearance when within 3-5 mi of radio towers—1108′ msl 20 mi N; 1221′ msl 10 mi WNW; and TV tower 2349′ msl 17 mi SSW of airport.
Procedure turn N side NW crs, 307 Outbnd, 127 Inbnd, 2000′ within 10 mi. NA beyond 10 mi.
Minimum altitude at G. S. int inbnd, 2000′ ILS, minimum altitude over LOM inbnd final 1400′ ADF.
Altitude of G. S. and distance to appr end of rny at OM 1920—4.2, at MM 775—0.6.
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 4.2 miles of LOM (ADF) climb to 2000′ on SE crs ILS (127) within 20 miles or, when directed by ATC, turn left, proceed to DAL VOR, climbing to 2000′, or when under positive radar contact, climb to 2000′** on crs as directed by ATC.
CAUTION: 1221′ R. T. 5.6 mi WNW of LOM. 695′ tank 1.7 mi SE runway 31. Procedure turn non-standard due ATC.

City, Dallas; State, Tex; Airport Name, Love Field; Elev, 485′; Fac Class, ILS-IDAL; Ident, LOM-DA; Procedure No. 13; Amdt 3, Comb ILS & ADF; Eff Date, 29 Aug 57; Sup Amdt Proc No. 1; Amdt 2; Dated, 26 May 1956

DAL VOR	Fair Park Int	Direct	2000	T-dn	300-1	300-1	200-½
DAL RBn	Ross Ave. Int	Direct	2000	C-dn	400-1	500-1	500-1½
Trinity Fork Int	Fair Park Int	Direct	2000	S-dn-31*	400-1	400-1	400-1
Fair Park Int	Ross Ave. Int (Final)	Direct	1500	A-dn	800-2	800-2	800-2
Duncanville RBN	Fair Park Int	Direct	2000				

Radar terminal area transition altitude: 2000′** within 20 mi.
**Radar control must provide 1000′ clearance when within 3 miles or 500′ clearance when within 3-5 miles of radio towers—1108′ msl 20 mi N; 1221′ msl 10 mi WNW; and TV tower 2349′ msl 17 mi SSW of airport.
Procedure turn S side SE crs, 127 Outbnd, 307 Inbnd, 2000′ within 10 mi of Ross Ave. Int. NA beyond 10 mi.
Altitude over Ross Ave. Int 1500′; distance to Rny 31, 3.1 mi. Altitude over Tank Fix# 1000′*; distance to rny 31 1.5 mi.
#Tank fix is Tank FM or Int R-229 DAL VOR and SE crs ILS.
*Descent below 1000′ msl not authorized unless position over Tank fix determined.
If visual contact not estab ished upon descent to authorized landing minimums or if landing not accomplished within 3.1 mi of Ross Ave. Int, climb to 2000′ on NW crs ILS within 20 mi or, when directed by ATC, turn right, proceed direct to DAL VOR climbing to 2000′ or, when under positive radar contact, climb to 2000′** on crs, as directed by ATC within 20 mi.
CAUTION: 695 MSL tank 1.7 mi from approach end of Runway 31.

City, Dallas; State, Tex; Airport Name, Love Field; Elev, 485′; Fac Class, ILS; Ident, IDAL; Procedure No. 31, Amdt 3; Eff Date, 29 Aug 57; Sup Amdt Proc No. 2; Amdt 2; Dated, 26 May 56

Scotland MHW	LOM (Final)	Direct	1000	T-dn	300-1	300-1	200-½
Colts Neck VOR via R-063	ILS SW crs	Direct	1400	C-dn	500-1	500-1	500-1½
Radar terminal area transitions:		Within 25 mi	2500	S-dn-4:			
All directions		Within 15 mi	1500	ILS	200-½	200-½	200-½
E of NE-SW crs of LGA-LFR				ADF	400-1	400-1	400-1
				A-dn:			
				ILS	600-2	600-2	600-2
				ADF	800-2	800-2	800-2

Procedure turn S side SW crs ILS, 223 Outbnd, 043 Inbnd, 1200′ within 10 mi of LOM.
Minimum altitude at glide slope int inbnd, 1000′. Minimum altitude over LOM inbnd final, 700′ ADF.
Altitude of glide slope and distance to approach end of rny at LOM—770—2.5; at MM—230—.6.
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 2.5 miles (ADF), climb to 500′ on NE crs ILS or bearing 043° from the LOM, make a climbing right turn to 1500′ on 130° and proceed to the Lido MHW and hold SW on 040° inbnd bearing, or proceed to Long Beach Int via the SW crs of the Mitchel LFR. Hold SW. Contact Idlewild approach control for further instructions.
CAUTION: Circling landing minimums do not provide std circle-over arpt cont twr and stack 278′ 1.7 mi SSE rny 1R.

City, New York; State, N. Y; Airport Name, International; Elev, 12′; Fac Class, ILS OM-H; Ident, IDL; Procedure No. 4; Amdt 14, Comb ILS-ADF; Eff Date, 31 Aug 57; Sup Amdt Proc. No. 1, Amdt 13; Dated, 22 Jun 57

4. The radar procedures prescribed in § 609.500 are amended to read in part:

RADAR STANDARD INSTRUMENT APPROACH PROCEDURE

Bearings, headings, courses and radials are magnetic. Elevations and altitudes are in feet, MSL. Ceilings are in feet above airport elevation. Distances are in nautical miles unless otherwise indicated, except visibilities which are in statute miles.

If a radar instrument approach is conducted at the below named airport, it shall be in accordance with the following instrument procedure, unless an approach is conducted in accordance with a different procedure for such airport authorized by the Administrator of Civil Aeronautics. Initial approaches shall be made over specified routes. Minimum altitude(s) shall correspond with those established for en route operation in the particular area or as set forth below. Positive identification must be established with the radar controller. From initial contact with radar to final authorized landing minimums, the instructions of the radar controller are mandatory except when (A) visual contact established on final approach at or before descent to the authorized landing minimums, or (B) at pilot's discretion if it appears desirable to discontinue the approach, except when the radar controller may direct otherwise prior to final approach, a missed approach shall be executed as provided below when (A) communication on final approach is lost for more than 5 seconds during a precision approach or for more than 30 seconds during a surveillance approach; (B) directed by radar controller; (C) visual contact is not established upon descent to authorized landing minimums; or (D) if landing is not accomplished.

Radar terminal area maneuvering sectors and altitudes														Ceiling and visibility minimums			
From	To	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Dist.	Alt.	Condition	2-engine or less		More than 2-engine, more than 65 knots
															65 knots or less	More than 65 knots	
0	360	15	#3000											T-dn	300-1	300-1	200-1½
240	220			25	3000									C-dn	400-1	500-1	500-1½
220	240			25	4000									S-dn-2L, 20R*, 23.	400-1	400-1	400-1
														A-dn	800-2	800-2	800-2

Radar terminal area transition altitudes—all bearings are from radar site with sector azimuths progressing clockwise.
#2000' when radar provides 3 mi separation from radio and TV towers 8 mi SW, 5 mi W and 9 mi NW of airport.
*Maintain at least 1400' until 2.5 mi of runway end.
If visual contact not established upon descent to authorized landing minimums or if landing not accomplished—
Runway 2L: Climb to 2000' on N crs ILS or on crs of 015 from LOM within 20 mi, or when directed by ATC, turn right, climb to 3000' on NE crs LFR within 20 mi.
Runways 20 or 23: Climb to 2500' on S crs ILS within 20 mi, or when directed by ATC, climb to 3000' on SW crs LFR within 20 mi.
AIR CARRIER NOTE: Takeoff with less than 200-½ on Runway 15, NA.

City, Nashville; State, Tenn; Airport Name, Berry Field; Elev, 606'; Fac Class, Nashville; Ident, Radar; Procedure No. 1, Orig, or com of facil; Eff Date, 31 Aug 57

These procedures shall become effective on the dates indicated on the procedures.

(Sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interpret or apply sec. 601, 52 Stat. 1007, as amended; 49 U. S. C. 551)

[SEAL]

JULY 26, 1957.

JAMES T. PYLE,
Administrator of Civil Aeronautics.

[F. R. Doc. 57-6292; Filed, Aug. 2, 1957; 8:45 a. m.]

[Amdt. 20]

PART 610—MINIMUM EN ROUTE IFR ALTITUDES

MISCELLANEOUS AMENDMENTS

The minimum en route IFR altitudes appearing hereinafter have been coordinated with interested members of the industry in the regions concerned insofar as practicable. The altitudes are adopted without delay in order to provide for safety in air commerce. Compliance with the notice, procedures, and effective date provisions of section 4 of the Administrative Procedure Act would be impracticable and contrary to the public interest, and therefore is not required.

Part 610 is amended as follows: (Listed items to be placed in appropriate sequence in the sections indicated).

Section 610.12 *Green civil airway 2* is amended to read in part:

From *Bozeman, Mont., LFR; to **Livingston, Mont. LF/RBN; MEA 11,000. *10,000—MCA Bozeman LFR, eastbound. **10,000—MCA Livingston LF/RBN, westbound.

From Livingston, Mont., LF/RBN; to Billings, Mont., LFR; MEA 9,000.

Section 610.15 *Green civil airway 5* is amended to read in part:

From Los Angeles, Calif., LF/RBN; to *LaHabra INT, Calif.; eastbound, MEA 5,000; westbound, MEA 3,000. *5,000—MCA LaHabra INT, eastbound.

Section 610.101 *Amber civil airway 1* is amended to read in part:

From Long Beach, Calif., LFR; to *Los Angeles, Calif., LF/RBN; MEA 1,600. *3,000—MCA Los Angeles LF/RBN, northbound.

From Los Angeles, Calif., LF/RBN; to *Burbank, Calif., LFR; MEA 4,000. *5,000—MCA Burbank LFR, northbound.

Section 610.104 *Amber civil airway 4* is amended to delete:

From Kansas City, Kans., LFR; to Glenwood INT, Nebr.; MEA 2,500.

From Glenwood INT, Nebr.; to Omaha, Nebr., LFR; MEA 2,700.

Section 610.104 *Amber civil airway 4* is amended to read in part:

From Cibolo Creek INT, Tex.; to Austin, Tex., LF/RBN; MEA 3,000.

From Austin, Tex., LF/RBN; to Belton INT, Tex.; MEA 2,000.

From Belton INT, Tex.; to Waco, Tex., LFR; MEA 2,100.

Section 610.105 *Amber civil airway 5* is amended to read in part:

From Greenwood, Miss., LFR; to Hernando INT, Miss.; MEA 1,800.

From Hernando INT, Miss.; to Memphis, Tenn., LFR; MEA 1,500.

Section 610.106 *Amber civil airway 6* is amended to delete:

From Atlanta, Ga., LFR; to Smyrna INT, Ga.; MEA 3,000.

From Smyrna INT, Ga.; to Cartersville INT, Ga.; MEA 3,000.

From Cartersville INT, Ga.; to Chattanooga, Tenn., LFR; MEA 4,000.

From Chattanooga, Tenn., LFR; Nashville, Tenn., LFR; MEA 4,000.

Section 610.108 *Amber civil airway 8* is amended to read in part:

From Los Angeles, Calif., LF/RBN; to *Malibu INT, Calif.; MEA 2,000. *3,500—MCA Malibu INT, northwestbound.

Section 610.210 *Red civil airway 10* is amended to read in part:

From Wichita Falls, Tex., LFR; to Alvord INT, Tex.; MEA 2,500.

From Alvord INT, Tex.; to Dallas, Tex., LF/RBN; MEA 2,200.

From Dallas, Tex., LF/RBN; to Hainsville INT, Tex.; MEA 2,000.

From Monroe, La., LFR; to Jackson, Miss., LFR; MEA 1,700.

Section 610.232 *Red civil airway 32* is amended to read in part:

From Austin, Tex., LF/RBN; to Smithville, Tex., LF/RBN; MEA 2,000.

Section 610.248 *Red civil airway 48* is amended to delete:

From Canton INT, Mont., to Sixteen INT, Mont.; MEA 11,000.

From Sixteen INT, Mont.; to Livingston, Mont., LFR; southbound, MEA 10,000; northbound, MEA 11,000.

Section 610.252 *Red civil airway 52* is amended by adding:

From Garden City INT, Ala.; to Birmingham, Ala., LFR; MEA 2,500.

Section 610.265 *Red civil airway 65* is amended to read in part:

From *Los Angeles, Calif., LF/RBN; to Oceanside, Calif., LF/RBN; MEA 4,000. *2,000—MCA Los Angeles LF/RBN, southbound.

Section 610.268 *Red civil airway 68* is amended to read in part:

From Lipan INT, Tex.; to Stadium INT, Tex.; MEA 2,200.

From Stadium INT, Tex.; to Arlington INT, Tex.; MEA 2,700.

From Arlington INT, Tex.; to Dallas, Tex., LF/RBN; MEA 1,900.

Section 610.293 *Red civil airway 93* is amended to delete:

From Lincoln, Nebr., LFR; to Glenwood INT, Iowa; MEA 2,500.

Section 610.602 *Blue civil airway 2* is amended to delete:

From Birmingham, Ala., LFR; to Garden City INT, Ala.; MEA 2,500.

From Garden City INT, Ala.; to Chattanooga, Tenn., LFR; MEA 4,000.

From Chattanooga, Tenn., LFR; to *Watts INT, Tenn.; MEA 3,000. *3,000—MCA Watts INT, southbound.

Section 610.605 *Blue civil airway 5* is amended to read in part:

From Waxahachie INT, Tex.; to Duncanville, Tex., LF/RBN; MEA 2,800.

From Duncanville, Tex., LF/RBN; to Dallas, Tex., LF/RBN; MEA 2,000.

From Dallas, Tex., LF/RBN; to Farmers Branch INT, Tex.; MEA 1,800.

Section 610.1001 *Direct routes—U. S.* is amended to delete:

From Dallas, Tex., LFR; to Houston, Tex., LFR; MEA 2,100.

From Dallas, Tex., LFR; to Tulsa, Okla., LFR; MEA 2,200.

From Dallas, Tex., LFR; to Int. 028 crs from Dallas LFR and SE crs Perrin, Tex., LFR; MEA 2,000.

From Int. 028 crs from Dallas LFR and SE crs Perrin, Tex., LFR; to Ft. Smith, Ark., LF/RBN; MEA 3,400.

From Dallas, Tex., LFR; to Lufkin, Tex., LF/RBN; MEA 2,000.

From Houston, Tex., LFR; to Int. Fort Worth VOR 142 rad and S crs, Dallas LFR; MEA 2,100.

From Corbin, Ky., VAR; to Louisville, Ky., VOR; MEA 4,500.

From Corbin, Ky., VAR; to Tri-City, Tenn., VOR; MEA 5,500.

Section 610.1001 *Direct routes—U. S.* is amended to read in part:

From Austin, Tex., LF/RBN; to Bryan, Tex., LFR; MEA 2,000.

From Austin, Tex., LF/RBN; to San Angelo, Tex., LFR; MEA 3,100.

Section 610.6001 *VOR civil airway 1* is amended to read in part:

From Wilmington, N. C., VOR; to La Grange INT, N. C.; MEA *3,500. *1,400—MOCA.

Section 610.6002 *VOR civil airway 2* is amended to read in part:

From *Wabasha INT, Wis.; to La Crosse, Wis., VOR; MEA 2,600. *3,000—MRA.

From La Crosse, Wis., VOR; to Lone Rock, Wis., VOR; MEA 2,600.

From Elmo INT, Wis., via N alter.; to La Crosse, Wis., VOR via N alter.; MEA 2,600.

From La Crosse, Wis., VOR via N alter.; to Lone Rock, Wis., VOR via N alter.; MEA 2,600.

Section 610.6003 *VOR civil airway 3* is amended to read in part:

From West Palm Beach, Fla., via E alter.; to Vero Beach, Fla., VOR via E alter.; MEA 1,700.

Section 610.6005 *VOR civil airway 5* is amended to delete:

From Appleton, Ohio, VOR via E alter.; to Mansfield, Ohio, VOR via E alter.; MEA 2,500.

Section 610.6006 *VOR civil airway 6* is amended to delete:

From Cleveland, Ohio, VOR via N alter.; to Youngstown, Ohio, VOR via N alter.; MEA 2,600.

Section 610.6006 *VOR civil airway 6* is amended to read in part:

From Rock River, Wyo., VOR; to *Bear Creek INT, Wyo.; MEA 10,500. *10,000—MRA.

From Bear Creek INT, Wyo.; to Bushnell INT, Wyo.; MEA 10,500.

Section 610.6007 *VOR civil airway 7* is amended by adding:

From Lakeland, Fla., VOR via E alter.; to *Webster INT, Fla., via E alter.; MEA **1,500. *2,000—MRA. **1,200—MOCA.

From Webster INT, Fla., via E alter.; to Ocala INT, Fla., via E alter.; MEA *2,000. *1,300—MOCA.

From Ocala INT, Fla., via E alter.; to Gainesville, Fla., VOR via E alter.; MEA *1,500. *1,200—MOCA.

From Gainesville, Fla., VOR via E alter.; to Cross City, Fla., VOR via E alter.; MEA 1,500.

Section 610.6012 *VOR civil airway 12* is amended to delete:

From Dayton, Ohio, VOR via N alter.; to Appleton, Ohio, VOR via N alter.; MEA 2,500.

From Appleton, Ohio, VOR via N alter.; to Wheeling, W. Va., VOR via N alter.; MEA 2,500.

Section 610.6012 *VOR civil airway 12* is amended by adding:

From Dayton, Ohio, VOR via S alter.; to London INT, Ohio, via S alter.; MEA *3,000. *2,500—MOCA.

From London INT, Ohio, via S alter.; to Appleton, Ohio, VOR via S alter.; MEA 2,500.

From Appleton, Ohio, VOR via S alter.; to Cambridge INT, Ohio, via S alter.; MEA 2,400.

From Cambridge INT, Ohio, via S alter.; to Wheeling, W. Va., VOR via S alter.; MEA 2,600.

Section 610.6012 *VOR civil airway 12* is amended to read in part:

From Harrisburg, Pa., VOR; to West Chester, Pa., VOR; MEA 2,000.

From Indianapolis, Ind., VOR; to *Maxwell INT, Ind.; MEA 2,400. *4,000—MRA.

From Maxwell INT, Ind.; to Dayton, Ohio, VOR; MEA 2,800.

From Indianapolis, Ind., VOR via N alter.; to Cowan INT, Ohio, via N. alter.; MEA 2,800.

From Cowan INT, Ohio, via N alter.; to Dayton, Ohio, VOR via N. alter.; MEA 2,500.

From Dayton, Ohio, VOR; to *Plain City INT, Ohio; MEA **3,000. *3,000—MRA. **2,500—MOCA.

From Plain City INT, Ohio, to Appleton, Ohio, VOR; MEA *3,000. *2,500—MOCA.

Section 610.6014 *VOR civil airway 14* is amended to read in part:

From Cleveland, Ohio, VOR; to Jefferson, Ohio, VOR; MEA 2,500.

From Jefferson, Ohio, VOR; to Erie, Pa., VOR; MEA 2,200.

From Cleveland, Ohio, VOR via N alter.; to Erie, Pa., VOR via N alter.; MEA 2,500.

Section 610.6016 *VOR civil airway 16* is amended to read in part:

From Midland, Tex., VOR; to Big Spring, Tex., VOR; MEA 4,200.

From Big Spring, Tex., VOR; to Abilene, Tex., VOR; MEA 3,800.

From Big Spring, Tex., VOR via S alter; to Abilene, Tex., VOR via S alter.; MEA *4,000. *3,600—MOCA.

From Mustang INT, Tex., via N alter.; to Big Spring, Tex., VOR via N alter.; MEA 4,000.

From Pine Bluff, Ark., VOR via S alter.; to Eudora INT, Miss., via S alter.; MEA *3,000. *1,600—MOCA.

From Eudora INT, Miss., via S alter.; to Memphis, Tenn., VOR via S alter.; MEA 1,400.

From Memphis, Tenn., VOR via S alter.; to *La Grange INT, Tenn., via S alter.; MEA 1,500. *2,500—MRA.

From La Grange INT, Tenn., via S alter.; to Graham, Tenn., VOR via S alter.; MEA *4,000. *2,000—MOCA.

Section 610.6019 *VOR civil airway 19* is amended to read in part:

From Cheyenne, Wyo., VOR; to *Bear Creek INT, Wyo.; MEA 9,000. *10,000—MRA.

From Bear Creek INT, Wyo.; to *Wheatland INT, Wyo.; MEA 9,000. *9,500—MRA.

From Wheatland INT, Wyo.; to Douglas, Wyo., VOR; MEA 9,000.

Section 610.6035 *VOR civil airway 35* is amended to read in part:

From Albany, Ga., VOR; to *Perry INT, Ga.; MEA 1,600. *3,000—MRA.

From Perry INT, Ga.; to Macon, Ga., VOR; MEA 1,600.

Section 610.6036 *VOR civil airway 36* is amended by adding:

From U. S.-Canadian Boundary via S alter.; to Buffalo, N. Y., VOR via S alter.; MEA 2,300.

Section 610.6037 *VOR civil airway 37* is amended to read in part:

From Charlotte, N. C., VOR; to Statesville INT, N. C.; MEA 2,400.

From Statesville INT, N. C.; to Elkin INT, N. C.; MEA *5,000. *2,400—MOCA.

Section 610.6038 *VOR civil airway 38* is amended to read in part:

From Findlay, Ohio, VOR via S alter.; to *Richwood INT, Ohio, via S alter.; MEA **3,000. *3,000—MRA. **2,400—MOCA.

From Richwood INT, Ohio, via S alter.; to Appleton, Ohio, VOR via S alter.; MEA *3,000. *2,400—MOCA.

Section 610.6043 *VOR civil airway 43* is amended to read in part:

From Appelton, Ohio, VOR; to Tiverton, Ohio, VOR; MEA *2,500. *2,400—MOCA.

From Tiverton, Ohio, VOR; to Youngstown, Ohio, VOR; MEA *3,000. *2,500—MOCA.

Section 610.6047 *VOR civil airway 47* is amended to delete:

From Cincinnati, Ohio, VOR; to Englewood INT, Ohio; MEA 3,000.

From Hamilton INT, Ohio; to Cincinnati, Ohio, VOR southbound only; MEA 2,300.

From Englewood INT, Ohio; to Dayton, Ohio, VOR; MEA 2,300.

From Dayton, Ohio, VOR; to *Sidney INT, Ohio; MEA 2,200. *3,000—MRA.

From Sidney INT, Ohio; to Findlay, Ohio, VOR; MEA 2,200.

From Cincinnati, Ohio, VOR via W alter.; to Englewood INT, Ohio, via W alter.; MEA 2,500.

From Englewood INT, Ohio, via W alter.; to Dayton, Ohio, VOR via W alter.; MEA 2,300.

From Dayton, Ohio, VOR via W alter.; to Findlay, Ohio, VOR via W alter.; MEA 2,300.

Section 610.6047 *VOR civil airway 47* is amended by adding:

From Cincinnati, Ohio, VOR; to Sidney, Ohio, VOR; MEA 3,000.

From Cincinnati, Ohio, VOR via W alter.; to Englewood INT, Ohio, via W alter.; MEA 2,500.

From Englewood INT, Ohio, via W alter.; to Sidney, Ohio, VOR via W alter.; MEA 3,000.

From Sidney, Ohio, VOR; to Findlay, Ohio, VOR; MEA *2,500. *2,200—MOCA.

Section 610.6054 *VOR civil airway 54* is amended to read in part:

From Biscoe INT, Ark.; to *Hughes INT, Ark.; MEA **2,500. *3,000—MRA. **1,700—MOCA.

From Hughes INT, Ark.; to Memphis, Tenn., VOR; MEA *2,500. *1,700—MOCA.
From Lonoke INT, Ark., via N alter.; to *Hillemann INT, Ark., via N alter.; MEA **2,500. *3,000—MRA. **1,600—MOCA.
From Hillemann INT, Ark., via N alter.; to *Caldwell INT, Ark., via N alter.; MEA **2,500. *2,500—MRA. **1,600—MOCA.
From Caldwell INT, Ark., via N. alter.; to Memphis, Tenn., VOR via N alter.; MEA 1,700.

Section 610.6055 *VOR civil airway 55* is amended by adding:

From Fort Wayne, Ind., VOR via W alter.; to Goshen, Ind., VOR via W alter.; MEA 2,200.

Section 610.6055 *VOR civil airway 55* is amended to read in part:

From Dayton, Ohio, VOR to Fort Wayne, Ind., VOR; MEA *3,300. *2,200—MOCA.
From Dayton, Ohio, VOR via W alter.; to Fort Wayne, Ind., VOR via W alter.; MEA *2,500. *2,200—MOCA.

Section 610.6066 *VOR civil airway 66* is amended to read in part:

From Midland, Tex., VOR; to *Jack INT, Tex.; MEA **6,200. *7,200—MRA. **4,400—MOCA.
From Jack INT, Tex.; to Lazy X INT, Tex.; MEA *7,200. *3,600—MOCA.

Section 610.6068 *VOR civil airway 68* is amended to read in part:

From San Antonio, Tex., VOR; to *Elmendorf INT, Tex.; MEA 2,200. *4,000—MRA.
From Elmendorf INT, Tex.; to Corpus Christi, Tex., VOR; MEA 2,200.
From *Sterling INT, Tex.; to San Angelo, Tex., VOR; MEA 3,600. *5,000—MRA.
From Midland, Tex., VOR via S alter.; to King INT, Tex., via S alter.; MEA 4,400.
From King INT, Tex., via S alter.; to San Angelo, Tex., VOR via S alter.; MEA *8,700. *3,900—MOCA.

Section 610.6072 *VOR civil airway 72* is amended to read in part:

From Youngstown, Ohio, VOR; to Titusville INT, Pa.; MEA 3,500.
From Titusville INT, Pa.; to Bradford, Pa., VOR; MEA 4,000.

Section 610.6076 *VOR civil airway 76* is amended to read in part:

From Lubbock, Tex., VOR; to Big Spring, Tex., VOR; MEA 5,100.
From Big Spring, Tex., VOR; to *Jack INT, Tex.; MEA 4,000. *7,200—MRA.
From Jack INT, Tex.; to San Angelo, Tex., VOR; MEA 4,000.
From Big Spring, Tex., VOR via N alter.; to Vannatta INT, Tex., via N alter.; MEA 4,000.
From Vannatta INT, Tex., via N alter.; to *Rowena INT, Tex., via N alter.; MEA **5,000. *5,000—MRA. **3,800—MOCA.
From Rowena INT, Tex., via N alter.; to San Angelo, Tex., VOR via N alter.; MEA 3,500.

Section 610.6077 *VOR civil airway 77* is amended to read in part:

From San Angelo, Tex., VOR; to *Rowena INT, Tex.; MEA 3,500. *5,000—MRA.

Section 610.6081 *VOR civil airway 81* is amended by adding:

From Grand Junction, Colo., VOR; to Myton, Utah, VOR; MEA 11,000.
From Myton, Utah, VOR; to *Salt Lake City, Utah, VOR; MEA 13,000. *12,000—MCA Salt Lake City VOR, eastbound.

Section 610.6082 *VOR civil airway 82* is amended to read in part:

From Rochester, Minn., VOR; to La Crosse, Wis., VOR; MEA 2,600.
From Rochester, Minn., VOR via S alter.; to La Crosse, Wis., VOR via S alter.; MEA 2,500.

Section 610.6097 *VOR civil airway 97* is amended to read in part:

From Lone Rock, Wis., VOR; to La Crosse, Wis., VOR; MEA 2,600.
From La Crosse, Wis., VOR; to *Wabasha INT, Wis., MEA 2,600. *3,000—MRA.

Section 610.6102 *VOR civil airway 102* is amended by adding:

From Guthrie, Tex., VOR via S alter.; to Wichita Falls, Tex., VOR via S alter.; MEA 3,000.

Section 610.6103 *VOR civil airway 103* is amended to read in part:

From Greensboro, N. C., VOR; to madison INT, N. C.; MEA 2,100.
From Madison INT, N. C.; to Price INT, Va.; MEA *3,000. *2,000—MOCA.
From Price INT, Va.; to Roanoke, Va., TVOR; MEA 5,600.

Section 610.6107 *VOR civil airway 107* is amended to read in part:

From Oakland, Calif., VOR; to Geyserville INT, Calif.; MEA 6,000. (Deletes MRA at Geyserville INT.)

Section 610.6126 *VOR civil airway 126* is amended to read in part:

From Cleveland, Ohio, VOR; to Jefferson, Ohio, VOR; MEA 2,500.
From Jefferson, Ohio, VOR; to Erie, Pa., VOR; MEA 2,200.

Section 610.6129 *VOR civil airway 129* is amended to read in part:

From Lone Rock, Wis., VOR; to La Crosse, Wis., VOR; MEA 2,600.
From La Crosse, Wis., VOR; to Eau Claire, Wis., VOR; MEA 2,800.

Section 610.6133 *VOR civil airway 133* is amended to read in part:

From Parkersburg, W. Va., VOR; to Tiverton, Ohio, VOR; MEA *3,000. *2,400—MOCA.
From Tiverton, Ohio, VOR; to Mansfield, Ohio, VOR; MEA *2,500. *2,300—MOCA.

Section 610.6143 *VOR civil airway 143* is amended to read in part:

From Charlotte, N. C., VOR; to Moorseville INT, N. C.; MEA 2,400.

Section 610.6144 *VOR civil airway 144* is amended to delete:

From Findlay, Ohio, VOR; to Upper Sandusky INT, Ohio; MEA 2,500.
From Upper Sandusky INT, Ohio; to Mansfield, Ohio, VOR; MEA 2,700.
From Mansfield, Ohio, VOR; to Baltic INT, Ohio; MEA 2,500.
From Baltic INT, Ohio; to *Moorefield INT, Ohio; MEA **3,000. *3,000—MRA. **2,500—MOCA.
From *Moorefield INT, Ohio; to Cameron INT, W. Va.; MEA 3,000. *3,000—MRA.
From Cameron INT, W. Va.; to Morgantown, W. Va., VOR; MEA 4,000.

Section 610.6144 *VOR civil airway 144* is amended by adding:

From Findlay, Ohio, VOR; to Appleton, Ohio, VOR; MEA 2,400.
From Appleton, Ohio, VOR; to Cambridge INT, Ohio; MEA 2,400.
From Cambridge INT, Ohio; to Morgantown, W. Va., VOR; MEA 4,000.

Section 610.6157 *VOR civil airway 157* is amended to read in part:

From Wilmington, N. C., VOR; to La Grange INT, N. C.; MEA *3,500. *1,400—MOCA.

Section 610.6159 *VOR civil airway 159* is amended to delete:

From Orlando, Fla., VOR; to Ocala INT, Fla.; MEA *2,500. *1,700—MOCA.
From Ocala INT, Fla.; to Cross City, Fla., VOR; MEA *2,000. *1,200—MOCA.
From Cross City, Fla., VOR; to *Perry INT, Fla.; MEA **2,000. *2,500—MRA. **1,200—MOCA.
From Perry INT, Fla.; to Greenville INT, Fla.; MEA *3,500. *1,500—MOCA.

Section 610.6159 *VOR civil airway 159* is amended by adding:

From Orlando, Fla., VOR; to *Leesburg INT, Fla.; MEA 1,700. *2,500—MRA.
From Leesburg INT, Fla.; to Gainesville, Fla., VOR; MEA *2,000. *1,300—MOCA.
From Gainesville, Fla., VOR; to Greenville INT, Fla.; MEA *5,500. *1,500—MOCA.
From Orlando, Fla., VOR via W alter.; to *Leesburg INT, Fla., via W alter.; MEA 1,700. *2,500—MRA.
From Leesburg INT, Fla., via W alter.; to Ocala INT, Fla., via W alter.; MEA *2,500. *1,900—MOCA.
From Ocala INT, Fla., via W alter.; to Cross City, Fla., VOR via W alter.; MEA *2,000. *1,200—MOCA.
From Cross City, Fla., VOR via W alter.; to Perry INT, Fla., via W alter.; MEA *2,000. *1,200—MOCA.
From Perry INT, Fla., via W alter.; to Greenville INT, Fla., via W alter.; MEA *3,500. *1,200—MOCA.
From Greenville INT, Fla., via W alter.; to *Quitman INT, Ga., via W alter.; MEA **3,500. *3,000—MRA. **1,200—MOCA.
From Quitman INT, Ga., via W alter.; to Albany, Ga., VOR via W alter.; MEA *3,000. *1,500—MOCA.

Section 610.6159 *VOR civil airway 159* is amended to read in part:

From Greenville INT, Fla.; to *Quitman INT, Ga.; MEA **3,500. *3,000—MRA. **1,200—MOCA.

Section 610.6163 *VOR civil airway 163* is amended to read in part:

From Alice, Tex., VOR; to *Elmendorf INT, Tex.; MEA 2,200. *4,000—MRA.
From Elmendorf INT, Tex.; to San Antonio, Tex., VOR; MEA 2,200.

Section 610.6184 *VOR civil airway 184* is amended to read in part:

Erie, Pa., VOR; to Fitzgerald, Pa., VOR; MEA 3,500.

Section 610.6188 *VOR civil airway 188* is amended to read in part:

From Jefferson, Ohio, VOR; to Fitzgerald, Pa., VOR; MEA 3,500.

Section 610.6195 *VOR civil airway 195* is amended by adding:

From Red Bluff, Calif., VOR; to Tomhead INT, Calif.; eastbound, MEA 3,500; westbound, MEA 9,000.
From Tomhead INT, Calif.; to Yager INT, Calif.; MEA 9,000.
From Yager INT, Calif.; to *Fortuna, Calif., VOR; eastbound, MEA 9,000; westbound, MEA 6,000. *3,600—MCA Fortuna VOR, eastbound.

Section 610.6196 *VOR civil airway 196* is amended to read in part:

From Rock River, Wyo., VOR; to *Wheatland INT, Wyo.; MEA 11,000. *9,500—MRA.

Section 610.6197 *VOR civil airway 197* is amended to delete:

From Waterville, Ohio, VOR; to Carleton, Mich., VOR; MEA 2,100.

Section 610.6200 *VOR civil airway 200* is amended by adding:

From *Utah Lake, Utah, VOR; to Myton, Utah, VOR; MEA 13,000. *12,000—MCA Utah Lake VOR, eastbound.

From Myton, Utah, VOR; to Kremmling, Colo., VOR; MEA 15,000.

Section 610.6202 *VOR civil airway 202* is amended by adding:

From Cochise, Ariz., VOR; to San Simon, N. Mex., VOR; MEA 10,000.

From San Simon, N. Mex.; to Truth or Consequences, N. Mex., VOR; MEA 12,000.

Section 610.6210 *VOR civil airway 210* is amended by adding:

From Cowan INT, Ind.; to Sidney, Ohio, VOR; MEA 2,400.

From Sidney, Ohio, VOR; to *Richwood INT, Ohio; MEA 2,400. *3,000—MRA.

From Richwood INT, Ohio; to Tiverton, Ohio, VOR; MEA 2,400.

From Tiverton, Ohio, VOR; to Wheeling, W. Va., VOR; MEA 2,600.

Section 610.6211 *VOR civil airway 211* is amended to read in part:

From Cotulla, Tex., VOR; to Junction, Tex., VOR; MEA *4,700. *3,500—MOCA.

Section 610.6212 *VOR civil airway 212* is amended to read in part:

From *Fort Ross INT, Calif.; to **Geyserville INT, Calif.; MEA 10,500. *10,500—MRA. *10,500—MCA Fort Ross INT, Northeastbound. **8,500—MCA Geyserville INT, northeastbound. (Deletes MRA Geyserville INT and MCA added.)

Section 610.6217 *VOR civil airway 217* is amended to read in part:

From Racine INT, Wis.; to Oakwood INT, Wis.; MEA *3,500. *2,100—MOCA.

Section 610.6232 *VOR civil airway 232* is added to read:

From County INT, Ohio; to Chardon, Ohio, VOR; MEA 2,500.

From Chardon, Ohio VOR; to Fitzgerald, Pa. VOR; MEA 3,000.

Section 610.6246 *VOR civil airway 246* is amended to read in part:

From Dayton, Ohio VOR; to Mansfield, Ohio VOR; MEA *3,000. *2,500—MOCA.

Section 610.6259 *VOR civil airway 259* is amended to read in part:

From *Maiden INT, N. C.; to Tri-City, Tenn., VOR; MEA 8,000. *4,000—MCA Maiden INT, northwestbound.

Section 610.6275 *VOR civil airway 275* is added to read:

From Cincinnati, Ohio, VOR; to Dayton, Ohio, VOR; MEA 2,500.

From Dayton, Ohio, VOR; to Findlay, Ohio, VOR; MEA 2,500.

From Findlay, Ohio, VOR; to Waterville, Ohio, VOR; MEA 2,100.

From Waterville, Ohio, VOR; to Carleton, Mich., VOR; MEA 2,100.

Section 610.6277 *VOR civil airway 277* is amended by adding:

From *Plain City INT, Ohio; to Sidney, Ohio, VOR; MEA 2,400. *3,000—MRA.

From Sidney, Ohio, VOR; to Fort Wayne, Ind., VOR; MEA 2,300.

Section 610.6278 *VOR civil airway 278* is added to read:

From Guthrie, Tex., VOR; to Vera INT, Tex.; MEA 3,000.

From Vera INT, Tex.; to Fort Worth, Tex., VOR; MEA 4,000.

Section 610.6602 *VOR civil airway 1502* is amended by adding:

From Milwaukee, Wis., VOR; to *Cardinal INT, Wis.; MEA 2,700. *2,700—MCA Cardinal INT, westbound.

From Cardinal INT, Wis.; to Muskegon, Mich., VOR; MEA 2,000.

From Muskegon, Mich., VOR; to Lansing, Mich., VOR; MEA 2,500.

From Salem, Mich., VOR; to Midcraft INT, Mich.; MEA 2,000.

From Midcraft INT, Mich.; to Windsor, Ont., Canada, VOR; MEA #2,300. #For that airspace over U. S. territory.

From Windsor, Ont., Canada, VOR; to Tilbury INT, Ont., Canada; MEA #2,000. #For that airspace over U. S. territory.

From Tilbury INT, Ont., Canada; to Blue Pike INT, Pa.; MEA 2,000.

From Blue Pike INT, Pa.; to Erie, Pa., VOR; MEA 2,300.

Section 610.6604 *VOR civil airway 1504* is amended by adding:

From Carleton, Mich., VOR; to Detroit River INT, Mich.; MEA 2,000.

From Detroit River INT, Mich.; to Pelee INT, Ont., Canada; MEA #2,500. #For that airspace over U. S. territory.

From Pelee INT, Ont., Canada; to Cleveland, Ohio, VOR; MEA 2,000.

Section 610.6606 *VOR civil airway 1506* is amended to delete:

From Waterville, Ohio, VOR; to Republic INT, Ohio; MEA 2,000.

From Republic INT, Ohio; to Mansfield, Ohio, VOR; MEA 2,500.

From Mansfield, Ohio, VOR; to Baltic INT, Ohio; MEA 2,500.

From Baltic INT, Ohio; to *Moorefield INT, Ohio; MEA **3,000. *3,000—MRA. **2,500—MOCA.

From Moorefield INT, Ohio; to Cameron INT, W. Va.; MEA 3,000.

From Cameron INT, W. Va.; to Morgantown, W. Va., VOR; MEA 4,000.

Section 610.6606 *VOR civil airway 1506* is amended by adding:

From Waterville, Ohio, VOR; to Carey INT, Ohio; MEA 2,000.

From Carey INT, Ohio; to Appleton, Ohio, VOR; MEA 2,500.

From Appleton, Ohio, VOR; to Cambridge INT, Ohio; MEA 2,400.

From Cambridge INT, Ohio; to Morgantown, W. Va., VOR; MEA 4,000.

Section 610.6606 *VOR civil airway 1506* is amended to read in part:

From Rock River, Wyo., VOR; to *Wheatland INT, Wyo.; MEA 11,000. *9,500—MRA.

Section 610.6608 *VOR civil airway 1508* is amended by adding:

From Carleton, Mich., VOR; to Detroit River INT, Mich.; MEA 2,000.

From Detroit River INT, Mich.; to Pelee INT, Ont., Canada; MEA *2,500. *For that airspace over U. S. territory.

From Pelee INT, Ont., Canada; to Gill INT, Ohio; MEA *7,000. *For that airspace over U. S. territory.

From *Gill INT, Ohio; to North Perry INT, Ohio; MEA 3,000. *7,000—MCA Gill INT, westbound.

From North Perry INT, Ohio; to Jefferson, Ohio, VOR; MEA 2,500.

From Jefferson, Ohio, VOR; to Fitzgerald, Pa., VOR; MEA 3,500.

Section 610.6612 *VOR civil airway 1512* is amended to read in part:

From Indianapolis, Ind., VOR; to *Maxwell INT, Ind.; MEA 2,400. *4,000—MRA.

From Maxwell INT, Ind.; to Dayton, Ohio, VOR; MEA 2,800.

From Dayton, Ohio, VOR; to *Plain City INT, Ohio; MEA **3,000. *3,000—MRA. **2,500—MOCA.

From Plain City INT, Ohio; to Appleton, Ohio, VOR; MEA *3,000. *2,500—MOCA.

Section 610.6614 *VOR civil airway 1514* is amended to read in part:

From Indianapolis, Ind., VOR; to *Maxwell INT, Ind.; MEA 2,400. *4,000—MRA.

From Maxwell INT, Ind.; to Dayton, Ohio, VOR; MEA 2,800.

From Dayton, Ohio, VOR; to *Plain City INT, Ohio; MEA **3,000. *3,000—MRA. **2,500—MOCA.

From Plain City INT, Ohio; to Appleton, Ohio, VOR; MEA *3,000. *2,500—MOCA.

Section 610.6616 *VOR civil airway 1516* is amended to read in part:

From Apalona INT, Ind.; to Louisville, Ky., VOR; MEA 2,500.

Section 610.6620 *VOR civil airway 1520* is amended to read in part:

From Biscoe INT, Ark.; to *Hughes INT, Ark.; MEA **2,500. *3,000—MRA. **1,700—MOCA.

From Hughes INT, Ark., to Memphis, Tenn., VOR; MEA *2,500. *1,700—MOCA.

Section 610.6622 *VOR civil airway 1522* is amended to read in part:

From Midland, Tex., VOR; to Big Spring, Tex., VOR; MEA 4,200.

From Big Spring, Tex., VOR; to Abilene, Tex., VOR; MEA 3,800.

From Spartanburg, S. C., VOR; to Mooresville INT, N. C.; MEA 2,700.

(Sec. 205, 52 Stat. 984, as amended; 49 U. S. C. 425. Interpret or apply sec. 601, 52 Stat. 1007, as amended; 49 U. S. C. 551)

These rules shall become effective August 29, 1957.

[SEAL] JAMES T. PYLE,
Administrator of Civil Aeronautics.

JULY 26, 1957.

[F. R. Doc. 57-6293; Filed, Aug. 2, 1957; 8:45 a. m.]

TITLE 6—AGRICULTURAL CREDIT

Chapter I—Farm Credit Administration

Subchapter B—Federal Farm Loan System

PART 10—FEDERAL LAND BANKS GENERALLY

INTEREST RATES ON LOANS MADE THROUGH ASSOCIATIONS

In order to reflect approval which has been given to increased interest rates on loans closed through national farm loan associations by the Federal Land Bank of Berkeley, § 10.41 of Title 6 of the Code of Federal Regulations, as amended (21 F. R. 10167; 22 F. R. 133, 653, 1318, 1586, 2095, 3863), is hereby further amended, effective August 1, 1957, by substituting "5½" for "5" in the line with "Berkeley" therein.

(Sec. 6, 47 Stat. 14, as amended; 12 U. S. C. 665. Interprets or applies secs. 12 "Second", 17, 39 Stat. 370, 375, as amended; 12 U. S. C. 771 "Second", 831)

[SEAL] A. T. ESGATE,
Acting Governor,
Farm Credit Administration.

[F. R. Doc. 57-6286; Filed, Aug. 2, 1957; 8:45 a. m.]

TITLE 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T. D. 54408]

PART 8—LIABILITY FOR DUTIES; ENTRY OF IMPORTED MERCHANDISE

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

PART 14—APPRAISEMENT

MISCELLANEOUS AMENDMENTS

To conform to certain changes in the law relating to value of imported merchandise effected by the Customs Simplification Act of 1956, approved August 2, 1956 (T. D. 54165), the Customs Regulations are amended, effective only as to articles entered, or withdrawn from warehouse, for consumption on or after the thirtieth day following the publication of the final list provided for in section 6 (a) of the act, as follows:

1. To provide in an appropriate case for the inclusion in the invoice of a verified statement by the manufacturer or producer as to costs, general expenses, and profit required for the determination of "constructed value" under the new section 402 of the Tariff Act of 1930, as amended, § 8.13 (e) is amended by inserting between the words "production" and "is" the words "or constructed value" and by substituting "cost of production or constructed value,[15] as defined in sections 402a (f) or 402 (d), Tariff Act of 1930, as amended." for "cost of production,[15] as defined in section 402 (f) Tariff Act of 1930."

(Sec. 624, 46 Stat. 759; 19 U. S. C. 1624)

2. Section 10.21 (d) is amended by deleting "section 402, Tariff Act of 1930," from the first sentence and substituting therefor "section 402 or section 402a, Tariff Act of 1930, as amended,".

(Sec. 624, 46 Stat. 759; 19 U. S. C. 1624)

3. Section 14.3 is amended as follows:

a. Paragraph (a) is amended to read:

(a) Except as otherwise herein provided for, the value of imported merchandise for appraisement purposes shall be determined in accordance with the provisions of new section 402, Tariff Act of 1930, added by section 2 (a) of the Customs Simplification Act of 1956.[4] The value of imported articles specified in the final list published pursuant to section 6 (a) of that act[4a] shall be determined in accordance with the provisions of section 402a, Tariff Act of 1930, as redesignated and amended.[4b]

b. Footnote 4, appended to paragraph (a), is renumbered 4b and amended by deleting the word "merchandise" in the introductory matter of the quoted subsection (a) and substituting therefor "articles designated by the Secretary of the Treasury as provided for in section 6 (a) of the Customs Simplification Act of 1956" and by amending the matter in parenthesis at the end of the footnote to read "(Tariff Act of 1930, sec. 402a, as amended; 19 U. S. C. 1402a.)"

c. New footnotes designated 4 and 4a are appended to paragraph (a) reading as follows:

[4] (a) Basis—Except as otherwise specifically provided for in this act, the value of imported merchandise for the purposes of this act shall be—

(1) The export value, or

(2) If the export value cannot be determined satisfactorily, then the United States value, or

(3) If neither the export value nor the United States value can be determined satisfactorily, then the constructed value;

except that, in the case on an imported article subject to a rate of duty based on the American selling price of a domestic article, such value shall be—

(4) The American selling price of such domestic article.

(b) Export value. For the purposes of this section, the export value of imported merchandise shall be the price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, plus, when not included in such price, the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the merchandise in condition, packed ready for shipment to the United States.

(c) United States value. For the purposes of this section, the United States value of imported merchandise shall be the price, at the time of exportation to the United States of the merchandise undergoing appraisement, at which such or similar merchandise is freely sold or, in the absence of sales, offered for sale in the principal market of the United States for domestic consumption, packed ready for delivery, in the usual wholesale quantities and in the ordinary course of trade, with allowances made for—

(1) Any commission usually paid or agreed to be paid, or the addition for profit and general expenses usually made, in connection with sales in such market of imported merchandise of the same class or kind as the merchandise undergoing appraisement;

(2) The usual costs of transportation and insurance and other usual expenses incurred with respect to such or similar merchandise from the place of shipment to the place of delivery, not including any expense provided for in subdivision (1); and

(3) The ordinary customs duties and other Federal taxes currently payable on such or similar merchandise by reason of its importation, and any Federal excise taxes on, or measured by the value of, such or similar merchandise, for which vendors at wholesale in the United States are ordinarily liable.

If such or similar merchandise was not so sold or offered at the time of exportation of the merchandise undergoing appraisement, the United States value shall be determined, subject to the foregoing specifications of this subsection, from the price at which such or similar merchandise is so sold or offered at the earliest date after such time of exportation but before the expiration of ninety days after the importation of the merchandise undergoing appraisement.

(d) Constructed value. For the purposes of this section, the constructed value of imported merchandise shall be the sum of—

(1) The cost of materials (exclusive of any internal tax applicable in the country of exportation directly to such materials or their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used) and of fabrication or other processing of any kind employed in producing such or similar merchandise, at a time preceding the date of exportation of the merchandise undergoing appraisement which would ordinarily permit the production of that particular merchandise in the ordinary course of business;

(2) An amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise undergoing appraisement which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, for shipment to the United States; and

(3) The cost of all containers and coverings of whatever nature, and all other expenses incidental to placing the merchandise undergoing appraisement in condition, packed ready for shipment to the United States.

(e) American Selling Price. For the purposes of this section, the American selling price of any article produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the article in condition packed ready for delivery, at which such article is freely sold or, in the absence of sales, offered for sale for domestic consumption in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such article when sold for domestic consumption in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

(f) Definitions. For the purposes of this section—

(1) The term "freely sold or, in the absence of sales, offered for sale" means sold or, in the absence of sales, offered—

(A) To all purchasers at wholesale, or

(B) In the ordinary course of trade to one or more selected purchasers at wholesale at a price which fairly reflects the market value of the merchandise,

without restrictions as to the disposition or use of the merchandise by the purchaser, except restrictions as to such disposition or use which (i) are imposed or required by law, (ii) limit the price at which or the territory in which the merchandise may be resold, or (iii) do not substantially affect the value of the merchandise to usual purchasers at wholesale.

(2) The term "ordinary course of trade" means the conditions and practices which, for a reasonable time prior to the exportation of the merchandise undergoing appraisement, have been normal in the trade under consideration with respect to merchandise of the same class or kind as the merchandise undergoing appraisement.

(3) The term "purchasers at wholesale" means purchasers who buy in the usual wholesale quantities for industrial use or for resale otherwise than at retail; or, if there are no such purchasers, then all other purchasers for resale who buy in the usual wholesale quantities; or, if there are no purchasers in either of the foregoing categories, then all other purchasers who buy in the usual wholesale quantities.

(4) The term "such or similar merchandise" means merchandise in the first of the following categories in respect of which export value, United States value, or constructed value, as the case may be, can be satisfactorily determined:

(A) The merchandise undergoing appraisement and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, the merchandise undergoing appraisement.

(B) Merchandise which is identical in physical characteristics with, and was produced by another person in the same country as, the merchandise undergoing appraisement.

(C) Merchandise (i) produced in the same country and by the same person as the merchandise undergoing appraisement, (ii) like the merchandise undergoing appraisement in component material or materials and in the purposes for which used, and (iii) approximately equal in commercial value to the merchandise undergoing appraisement.

(D) Merchandise which satisfies all the requirements of subdivision (C) except that it was produced by another person.

(5) The term "usual wholesale quantities", in any case in which the merchandise in respect of which value is being determined is sold in the market under consideration at different prices for different quantities, means the quantities in which such merchandise is there sold at the price or prices for one quantity in an aggregate volume which is greater than the aggregate volume sold at the price or prices for any other quantity.

(g) Transactions Between Related Persons.

(1) For the purposes of subsection (c) (1) or (d), as the case may be, a transaction directly or indirectly between persons specified in any one of the subdivisions in paragraph (2) of this subsection may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales in the market under consideration of merchandise of the same general class or kind as the merchandise undergoing appraisement. If a transaction is disregarded under the preceding sentence and there are no other transactions available for consideration, then, for the purposes of subsection (d), the determination of the amount required to be considered shall be based on the best evidence available as to what the amount would have been if the transaction had occurred between persons not specified in any one of the subdivisions in paragraph (2).

(2) The persons referred to in paragraph (1) are:

(A) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants;

(B) Any officer or director of an organization and such organization;

(C) Partners;

(D) Employer and employee;

(E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting stock or shares of any organization and such organization; and

(F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person. (Section 402, Tariff Act of 1930, as amended; 19 U. S. C. 1402.)

[a] Sec. 6. (a) The Secretary of the Treasury shall determine and make public a list of the articles which shall be valued in accordance with section 402a, Tariff Act of 1930, as amended by this act, as follows:

As soon as practicable after the enactment of this act the Secretary shall make public a preliminary list of the imported articles which he shall have determined, after such investigation as he deems necessary, would have been appraised in accordance with section 402 of the Tariff Act of 1930, as amended by this act, at average values for each article which are 95 (or less) per centum of the average values at which such article was actually appraised during the fiscal year 1954. If within sixty days after the publication of such preliminary list any manufacturer, producer, or wholesaler in the United States presents to the Secretary his reason for belief that any imported articles not specified in such list and like or similar to articles manufactured, produced, or sold at wholesale by him would have been appraised in accordance with such section 402 at average values which are 95 (or less) per centum of the average values at which they were or would have been appraised under section 402a, Tariff Act of 1930, as amended by this act, the Secretary shall cause such investigation of the matter to be made as he deems necessary. If in the opinion of the Secretary the reason for belief is substantiated by the investigation, the articles involved shall be added to the preliminary list and such list, including any additions so made thereto, shall be published as a final list. Every article so specified in the final list which is entered, or withdrawn from warehouse, for consumption on or after the thirtieth day following the date of publication of the final list shall be appraised in accordance with the provisions of section 402a, Tariff Act of 1930, as amended by this act. (Sec. 6 (a) 70 Stat. 948.)

d. Paragraph (b) is amended by inserting "and section 402a" after "402" in the first sentence.

e. Paragraph (c) is amended by deleting "section 402," and substituting therefor "sections 402 or 402a,".

f. The citation of authority for § 14.3 is amended to read:

(Sec. 402, 46 Stat. 708, as amended, sec. 2, 70 Stat. 943, secs. 488, 500, 46 Stat. 725, 729, as amended; 19 U. S. C. 1402, 1402a, 1488, 1500)

4. Footnote 9, appended to § 14.5 (d), is amended by deleting from the quoted subparagraph (c) "(as defined in subdivision (g) of section 402, Title IV)," and ", as defined in subdivision (e) of section 402, Title IV".

5. Section 14.5 (h) is amended by deleting "section 402 (g)" and substituting therefor "sections 402 (e) or 402a (g)".

6. Section 14.5 (j) is amended by deleting "section 402 (e)" and substituting therefore "sections 402 (c) or 402a (e)".

7. Section 14.5 (l) is amended by inserting "or section 402a (a)" after "402 (a)" and by inserting ", as amended" after "1930".

8. The citation of authority for § 14.5 is amended to read:

(Secs. 1 (pars. 27, 28), 402, 46 Stat. 592, 594, as amended, 708, as amended, sec. 2, 70 Stat. 943; 19 U. S. C. 1001 (pars. 27, 28), 1402, 1402a)

(R. S. 161, 251, Sec. 624, 46 Stat. 759; 5 U. S. C. 22, 19 U. S. C. 66, 1624)

[SEAL] D. B. STRUBINGER,
Acting Commissioner of Customs.

Approved: July 26, 1957.

DAVID W. KENDALL,
Acting Secretary of the Treasury.

[F. R. Doc. 57-6372; Filed, Aug. 2, 1957; 8:50 a. m.]

TITLE 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

Subchapter F—Procedure and Administration

[T. D. 6246]

PART 301—PROCEDURE AND ADMINISTRATION

TRANSFEREES AND FIDUCIARIES

On April 11, 1957, notice of proposed rule making regarding the regulations under chapter 71 of the Internal Revenue Code of 1954, relating to transferees and fiduciaries, was published in the FEDERAL REGISTER (22 F. R. 2430). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the regulations as so published are hereby adopted and set forth below.

[SEAL] RUSSELL C. HARRINGTON,
Commissioner of Internal Revenue.

Approved: July 30, 1957.

DAN THROOP SMITH,
Deputy to the Secretary.

TRANSFEREES AND FIDUCIARIES

Sec.
301.6901 Statutory provisions; transferred assets.
301.6901-1 Procedure in the case of transferred assets.
301.6902 Statutory provisions; provisions of special application to transferees.
301.6902-1 Burden of proof.
301.6903 Statutory provisions; notice of fiduciary relationship.
301.6903-1 Notice of fiduciary relationship.
301.6904 Statutory provisions; prohibition of injunctions.

GENERAL RULES

EFFECTIVE DATE AND RELATED PROVISIONS

301.7851 Statutory provisions; applicability of revenue laws.

AUTHORITY: §§ 301.6901 to 301.7851 issued under sec. 7805, 68A Stat. 917; 26 U. S. C. 7805.

TRANSFEREES AND FIDUCIARIES

§ 301.6901 *Statutory provisions; transferred assets.*

SEC. 6901. *Transferred assets*—(a) *Method of collection.* The amounts of the following liabilities shall, except as hereinafter in this section provided, be assessed, paid, and collected in the same manner and subject to the same provisions and limitations as in the case of the taxes with respect to which the liabilities were incurred:

(1) *Income, estate, and gift taxes*—

(A) *Transferees.* The liability, at law or in equity, of a transferee of property—

(i) Of a taxpayer in the case of a tax imposed by subtitle A (relating to income taxes),

(ii) Of a decedent in the case of a tax imposed by chapter 11 (relating to estate taxes), or

(iii) Of a donor in the case of a tax imposed by chapter 12 (relating to gift taxes),

in respect of the tax imposed by subtitle A or B.

(B) *Fiduciaries.* The liability of a fiduciary under section 3467 of the Revised Statutes (31 U. S. C. 192) in respect of the payment of any tax described in subparagraph (A) from the estate of the taxpayer, the decedent, or the donor, as the case may be.

(2) *Other taxes.* The liability, at law or in equity of a transferee of property of any person liable in respect of any tax imposed by this title (other than a tax imposed by subtitle A or B), but only if such liability arises on the liquidation of a partnership or corporation, or on a reorganization within the meaning of section 368 (a).

(b) *Liability.* Any liability referred to in subsection (a) may be either as to the amount of tax shown on a return or as to any deficiency or underpayment of any tax.

(c) *Period of limitations.* The period of limitations for assessment of any such liability of a transferee or a fiduciary shall be as follows:

(1) *Initial transferee.* In the case of the liability of an initial transferee, within 1 year after the expiration of the period of limitation for assessment against the transferor;

(2) *Transferee of transferee.* In the case of the liability of a transferee of a transferee, within 1 year after the expiration of the period of limitation for assessment against the preceding transferee, but not more than 3 years after the expiration of the period of limitation for assessment against the initial transferor;

except that if, before the expiration of the period of limitation for the assessment of the liability of the transferee, a court proceeding for the collection of the tax or liability in respect thereof has been begun against the initial transferor or the last preceding transferee, respectively, then the period of limitation for assessment of the liability of the transferee shall expire 1 year after the return of execution in the court proceeding.

(3) *Fiduciary.* In the case of the liability of a fiduciary, not later than 1 year after the liability arises or not later than the expiration of the period for collection of the tax in respect of which such liability arises, whichever is the later.

(d) *Extension by agreement.* (1) *Extension of time for assessment.* If before the expiration of the time prescribed in subsection (c) for the assessment of the liability, the Secretary or his delegate and the transferee or fiduciary have both consented in writing to its assessment after such time, the liability may be assessed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. For the purpose of determining the period of limitation on credit or refund to the transferee or fiduciary of overpayments of tax made by such transferee or fiduciary or overpayments of tax made by the transferor of which the transferee or fiduciary is legally entitled to credit or refund, such agreement and any extension thereof shall be deemed an agreement and extension thereof referred to in section 6511 (c).

(2) *Extension of time for credit or refund.* If the agreement is executed after the expiration of the period of limitation for assessment against the taxpayer with reference to whom the liability of such transferee or fiduciary arises, then in applying the limitations under section 6511 (c) on the amount of the credit or refund, the periods specified in section 6511 (b) (2) shall be increased by the period from the date of such expiration to the date of the agreement.

(e) *Period for assessment against transferor.* For purposes of this section, if any person is deceased, or is a corporation which has terminated its existence, the period of limitation for assessment against such person shall be the period that would be in effect had death or termination of existence not occurred.

(f) *Suspension of running of period of limitations.* The running of the period of limitations upon the assessment of the liability of a transferee or fiduciary shall, after the mailing to the transferee or fiduciary of the notice provided for in section 6212 (relating to income, estate, and gift taxes), be suspended for the period during which the Secretary or his delegate is prohibited from making the assessment in respect of the liability of the transferee or fiduciary (and in any event, if a proceeding in respect of the liability is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

(g) *Address for notice of liability.* In the absence of notice to the Secretary or his delegate under section 6903 of the existence of a fiduciary relationship, any notice of liability enforceable under this section required to be mailed to such person, shall, if mailed to the person subject to the liability at his last known address, be sufficient for purposes of this title, even if such person is deceased, or is under a legal disability, or, in the case of a corporation, has terminated its existence.

(h) *Definition of transferee.* As used in this section, the term "transferee" includes donee, heir, legatee, devisee, and distributee, and with respect to estate taxes, also includes any person who, under section 6324 (a) (2), is personally liable for any part of such tax.

(i) *Extension of time.* For extensions of time by reason of armed service in a combat zone, see section 7508.

§ 301.6901–1 *Procedure in the case of transferred assets*—(a) *Method of collection*—(1) *Income, estate, and gift taxes.* The amount for which a transferee of property of—

(i) A taxpayer, in the case of a tax imposed by subtitle A (relating to income taxes),

(ii) A decedent, in the case of the estate tax imposed by chapter 11, or

(iii) A donor, in the case of the gift tax imposed by chapter 12,

is liable, at law or in equity, and the amount of the personal liability of a fiduciary under section 3467 of the Revised Statutes, as amended (31 U. S. C. 192), in respect of the payment of such taxes, whether shown on the return of the taxpayer or determined as a deficiency in the tax, shall be assessed against such transferee or fiduciary and paid and collected in the same manner and subject to the same provisions and limitations as in the case of a deficiency in the tax with respect to which such liability is incurred, except as hereinafter provided.

(2) *Other taxes.* The liability, at law or in equity, of a transferee of property of any person liable in respect of any other tax, in any case where the liability of the transferee arises on the liquidation of a corporation or partnership, or a corporate reorganization within the meaning of section 368 (a), shall be assessed against such transferee and paid and collected in the same manner and subject to the same provisions and limitations as in the case of the tax with respect to which such liability is incurred, except as hereinafter provided.

(3) *Applicable provisions.* The provisions of the Code made applicable by section 6901 (a) to the liability of a transferee or fiduciary referred to in subparagraphs (1) and (2) of this paragraph include the provisions relating to:

(i) Delinquency in payment after notice and demand and the amount of interest attaching because of such delinquency;

(ii) The authorization of distraint and proceedings in court for collection;

(iii) The prohibition of claims and suits for refund; and

(iv) In any instance in which the liability of a transferee or fiduciary is one referred to in subparagraph (1) of this paragraph, the filing of a petition with the Tax Court of the United States and the filing of a petition for review of the Tax Court's decision.

For detailed provisions relating to assessments, collections, and refunds, see chapters 63, 64, and 65, respectively.

(b) *Definition of transferee.* As used in this section, the term "transferee" includes an heir, legatee, devisee, distributee of an estate of a deceased person, the shareholder of a dissolved corporation, the assignee or donee of an insolvent person, the successor of a corporation, a party to a reorganization as defined in section 368, and all other classes of distributees. Such term also includes, with respect to the gift tax, a donee (without regard to the solvency of the donor) and, with respect to the estate tax, any person who, under section 6324 (a) (2), is personally liable for any part of such tax.

(c) *Period of limitation on assessment.* The period of limitation for assessment of the liability of a transferee or of a fiduciary is as follows:

(1) *Initial transferee.* In the case of the liability of an initial transferee, one year after the expiration of the period of limitation for assessment against the taxpayer in the case of a tax imposed by subtitle A (relating to income taxes), the executor in the case of the estate tax imposed by Chapter 11, or the donor in the case of the gift tax imposed by chapter 12, each of which for purposes of this section is referred to as the "taxpayer" (see subchapter A of chapter 66).

(2) *Transferee of transferee.* In the case of the liability of a transferee of a transferee, one year after the expiration of the period of limitation for assessment against the preceding transferee, or three years after the expiration of the period of limitation for assessment against the taxpayer, whichever of such periods first expires.

(3) *Court proceeding against taxpayer or last preceding transferee.* If, before the expiration of the period specified in subparagraph (1) or subparagraph (2) of this paragraph (whichever is applicable), a court proceeding against the taxpayer or last preceding transferee for the collection of the tax or liability in respect thereof, respectively, has been begun within the period of limitation for the commencement of such proceeding, then within one year after the return of execution in such proceeding.

(4) *Fiduciary.* In the case of the liability of a fiduciary, not later than one year after the liability arises or not later than the expiration of the period for collection of the tax in respect of which such liability arises, whichever is the later.

(d) *Extension by agreement*—(1) *Extension of time for assessment.* The time prescribed by section 6901 for the assessment of the liability of a transferee or fiduciary may, prior to the expiration of such time, be extended for any period of time agreed upon in writing by the transferee or fiduciary and the district director or an assistant regional commissioner. The extension shall become effective when the agreement has been executed by both parties. The period agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(2) *Extension of time for credit or refund.* (i) For the purpose of determining the period of limitation on credit or refund to the transferee or fiduciary of overpayments made by such transferee

or fiduciary or overpayments made by the taxpayer to which such transferee or fiduciary may be legally entitled to credit or refund, an agreement and any extension thereof referred to in subparagraph (1) of this paragraph shall be deemed an agreement and extension thereof for purposes of section 6511 (c) (relating to limitations on credit or refund in case of extension of time by agreement).

(ii) For the purpose of determining the limit specified in section 6511 (c) (2) on the amount of the credit or refund, if the agreement is executed after the expiration of the period of limitation for assessment against the taxpayer with reference to whom the liability of such transferee or fiduciary arises, the periods specified in section 6511 (b) (2) shall be increased by the period from the date of such expiration to the date the agreement is executed. The application of this subdivision may be illustrated by the following example:

EXAMPLE. Assume that Corporation A files its income tax return on March 15, 1955, for the calendar year 1954, showing a liability of $100,000 which is paid with the return. The period within which an assessment may be made against Corporation A expires on March 15, 1958. Corporation B is a transferee of Corporation A. An agreement is executed on October 9, 1958, extending, beyond its normal expiration date of March 15, 1959, the period within which an assessment may be made against Corporation B. Under section 6511 (c) (2) and section 6511 (b) (2) (A) the portion of an overpayment, paid before the execution of an agreement extending the period for assessment, may not be credited or refunded unless paid within three years prior to the date on which the agreement is executed. However, as applied to Corporation B such 3-year period is increased under section 6901 (d) (2) to include the period from March 15, 1958, to October 9, 1958, the date on which the agreement was executed.

(e) *Period of assessment against taxpayer.* For the purpose of determining the period of limitation for assessment against a transferee or a fiduciary, if the taxpayer is deceased, or, in the case of a corporation, has terminated its existence, the period of limitation for assessment against the taxpayer shall be the period that would be in effect had the death or termination of existence not occurred.

(f) *Suspension of running of period of limitations.* In the cases of the income, estate, and gift taxes, if a notice of the liability of a transferee or the liability of a fiduciary has been mailed to such transferee or to such fiduciary under the provisions of section 6212, then the running of the statute of limitations shall be suspended for the period during which the district director is prohibited from making the assessment in respect of the liability of the transferee or fiduciary (and in any event, if a proceeding in respect of the liability is placed on the docket of the Tax Court, until the decision of the Tax Court becomes final), and for 60 days thereafter.

§ 301.6902 *Statutory provisions; provisions of special application to transferees.*

SEC. 6902. *Provisions of special application to transferees*—(a) *Burden of proof.* In proceedings before the Tax Court the burden of proof shall be upon the Secretary or his delegate to show that a petitioner is liable as a transferee of property of a taxpayer, but not to show that the taxpayer was liable for the tax.

(b) *Evidence.* Upon application to the Tax Court, a transferee of property of a taxpayer shall be entitled, under rules prescribed by the Tax Court, to a preliminary examination of books, papers, documents, correspondence, and other evidence of the taxpayer or a preceding transferee of the taxpayer's property, if the transferee making the application is a petitioner before the Tax Court for the redetermination of his liability in respect of the tax (including interest, additional amounts, and additions to the tax provided by law) imposed upon the taxpayer. Upon such application, the Tax Court may require by subpoena, ordered by the Tax Court or any division thereof and signed by a judge, the production of all such books, papers, documents, correspondence, and other evidence within the United States the production of which, in the opinion of the Tax Court or division thereof, is necessary to enable the transferee to ascertain the liability of the taxpayer or preceding transferee and will not result in undue hardship to the taxpayer or preceding transferee. Such examination shall be had at such time and place as may be designated in the subpoena.

§ 301.6902–1 *Burden of proof.* In proceedings before the Tax Court the burden of proof shall be upon the Commissioner to show that a petitioner is liable as a transferee of property of a taxpayer, but not to show that the taxpayer was liable for the tax.

§ 301.6903 *Statutory provisions; notice of fiduciary relationship.*

SEC. 6903. *Notice of fiduciary relationship*—(a) *Rights and obligations of fiduciary.* Upon notice to the Secretary or his delegate that any person is acting for another person in a fiduciary capacity, such fiduciary shall assume the powers, rights, duties, and privileges of such other person in respect of a tax imposed by this title (except as otherwise specifically provided and except that the tax shall be collected from the estate of such other person), until notice is given that the fiduciary capacity has terminated.

(b) *Manner of notice.* Notice under this section shall be given in accordance with regulations prescribed by the Secretary or his delegate.

§ 301.6903–1 *Notice of fiduciary relationship*—(a) *Rights and obligations of fiduciary.* Every person acting for another person in a fiduciary capacity shall give notice thereof to the district director in writing. As soon as such notice is filed with the district director such fiduciary must, except as otherwise specifically provided, assume the powers, rights, duties, and privileges of the taxpayer with respect to the taxes imposed by the Code. If the person is acting as a fiduciary for a transferee or other person subject to the liability specified in section 6901, such fiduciary is required to assume the powers, rights, duties, and privileges of the transferee or other person under that section. The amount of the tax or liability is ordinarily not collectible from the personal estate of the fiduciary but is collectible from the estate of the taxpayer or from the estate of the transferee or other person subject to the liability specified in section 6901.

(b) *Manner of notice.* The notice shall be signed by the fiduciary, and shall be filed with the district director for the district where the return of the person for whom the fiduciary is acting is required to be filed. The notice must state the name and address of the person for whom the fiduciary is acting, and the nature of the liability of such person; that is, whether it is a liability for tax, and, if so, the type of tax, the year or years involved, or a liability at law or in equity of a transferee of property of a taxpayer, or a liability of a fiduciary under section 3467 of the Revised Statutes, as amended (31 U. S. C. 192), in respect of the payment of any tax from the estate of the taxpayer. Satisfactory evidence of the authority of the fiduciary to act for any other person in a fiduciary capacity must be filed with and made a part of the notice. If the fiduciary capacity exists by order of court, a certified copy of the order may be regarded as satisfactory evidence. When the fiduciary capacity has terminated, the fiduciary, in order to be relieved of any further duty or liability as such, must file with the district director with whom the notice of fiduciary relationship was filed written notice that the fiduciary capacity has terminated as to him, accompanied by satisfactory evidence of the termination of the fiduciary capacity. The notice of termination should state the name and address of the person, if any, who has been substituted as fiduciary. Any written notice disclosing a fiduciary relationship which has been filed with the Commissioner under the Internal Revenue Code of 1939 or any prior revenue law shall be considered as sufficient notice within the meaning of section 6903. Any satisfactory evidence of the authority of the fiduciary to act for another person already filed with the Commissioner or district director need not be resubmitted.

(c) *Where notice is not filed.* If the notice of the fiduciary capacity described in paragraph (b) of this section is not filed with the district director before the sending of notice of a deficiency by registered mail to the last known address of the taxpayer (see section 6212), or the last known address of the transferee or other person subject to liability (see section 6901 (g)), no notice of the deficiency will be sent to the fiduciary. In such a case the sending of the notice to the last known address of the taxpayer, transferee, or other person, as the case may be, will be a sufficient compliance with the requirements of the Code, even though such taxpayer, transferee, or other person is deceased, or is under a legal disability, or, in the case of a corporation, has terminated its existence. Under such circumstances, if no petition is filed with the Tax Court of the United States within 90 days after the mailing of the notice (or within 150 days after mailing in the case of such a notice addressed to a person outside the States of the Union and the District of Columbia) to the taxpayer, transferee, or other person, the tax, or liability under section 6901, will be assessed immediately upon the expiration of such 90-day or 150-day period, and demand for payment will be made by the district director. The term "States of the Union" referred to in this paragraph

does not include the Territories of Alaska and Hawaii.

(d) *Definition of fiduciary.* The term "fiduciary" is defined in section 7701 (a) (6) to mean a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

(e) *Applicability of other provisions.* This section, relating to the provisions of section 6903, shall not be taken to abridge in any way the powers and duties of fiduciaries provided for in other sections of the Code.

§ 301.6904 *Statutory provisions; prohibition of injunctions.*

SEC. 6904. *Prohibition of injunctions.* For prohibition of suits to restrain enforcement of liability of transferee, or fiduciary, see section 7421 (b).

GENERAL RULES

EFFECTIVE DATE AND RELATED PROVISIONS

§ 301.7851 *Statutory provisions; applicability of revenue laws.*

SEC. 7851. *Applicability of revenue laws*—(a) *General rules.* Except as otherwise provided in any section of this title—

* * * * *

(6) *Subtitle F.*

(A) *General rule.* The provisions of subtitle F shall take effect on the day after the date of enactment of this title and shall be applicable with respect to any tax imposed by this title. * * *

* * * * *

NOTE: Chapter 71 of the Internal Revenue Code of 1954, relating to transferees and fiduciaries, is applicable only to the liability of transferees and fiduciaries with respect to the taxes imposed by the 1954 Code. The provisions of the Internal Revenue Code of 1939, relating to the liability of transferees and fiduciaries, are applicable to the liability of transferees and fiduciaries with respect to income, estate, and gift taxes imposed by the 1939 Code.

[F. R. Doc. 57-6361; Filed, Aug. 2, 1957; 8:48 a. m.]

TITLE 15—COMMERCE AND FOREIGN TRADE

Chapter III—Bureau of Foreign Commerce, Department of Commerce

Subchapter B—Export Regulations

[8th Gen. Rev. of Export Regs., Amdt. 41 [1]]

PART 373—LICENSING POLICIES AND RELATED SPECIAL PROVISIONS

MACHINERY AND PARTS

Section 373.49 *Machinery and equipment* is amended in the following particulars:

1. The heading of the section is amended to read "Machinery and parts".

2. Paragraph (c) *Tools incorporating diamonds* is redesignated as paragraph (b).

3. A new paragraph (c) is added to read as follows:

(c) *Automotive vehicles, parts, accessories, and servicing equipment*—(1) *Statement of Past Participation in Exports, Form IT- or FC-821.* Applicants for licenses covering shipments to Israel and neighboring Arab states (i. e. Egypt, Jordan, Lebanon, Syria) of automotive vehicles, parts, accessories, and servicing equipment covered on the Positive List of Commodities under Schedule B Nos. 790013 through 791167, 706305, 709865, 791205, 791210, 791220, 791230, 791240, 791250, 791280, 792610, 792620, and 792730, are required to submit to the Bureau of Foreign Commerce a Statement of Past Participation in Exports in the manner set forth in § 373.4. The report shall be broken down by countries of destination and shall cover the quantity of exports from the United States of these commodities made by the applicant during the calendar years 1954 and 1955. For automotive vehicles, the statement shall show one total figure for each year in units (number of vehicles) with no breakdown as to classes or types. For parts, accessories and servicing equipment the statement shall show one total figure for each year in dollars for each country with no breakdown as to classes or types. In preparing Form IT- or FC-821, the heading above items (c) and (d) shall be changed to read "calendar year 1954" and the heading above items (e) and (f) shall be changed to read "calendar year 1955".

This amendment shall become effective as of August 1, 1957.

(Sec. 3, 63 Stat. 7, as amended; 50 U. S. C. App. 2023. E. O. 9630, 10 F. R. 12245, 3 CFR, 1945 Supp., E. O. 9919, 13 F. R. 59, 3 CFR, 1948 Supp.)

LORING K. MACY,
Director,
Bureau of Foreign Commerce.

[F. R. Doc. 57-6337; Filed, Aug. 2, 1957; 8:45 a. m.]

[8th Gen. Rev. of Export Regs., Amdt. 42 [1]]

PART 382—DENIAL OR SUSPENSION OF EXPORT PRIVILEGES

COMPLIANCE ORDERS

Section 382.51 *Supplement 1; Table of compliance orders currently in effect denying export privileges,* paragraph (b) *Table of compliance orders* is amended by adding the following entries:

Name and address	Effective date of order	Expiration date of order	Export privileges affected	FEDERAL REGISTER citation
Anglo-Canadian Cement Ltd., Marina House, Broad St., Lagos, Nigeria.	3-11-57	3-11-60 (Duration.)*	General and validated licenses, all commodities, any destination, also exports to Canada. (Company related to William Kurt Samuel Wallersteiner, which see.)	22 F. R. 1650, 3-14-57. 22 F. R. 2053, 3-28-57.
Aroyo, Eli Nissim, d/b/a General Import Export Co., Sudexport, Allenby Str. 108, P. O. B. 2228, Tel Aviv, Israel.	6-24-57	Duration	General and validated licenses, all commodities, any destination, also exports to Canada.	22 F. R. 4512, 6-27-57.
Chemical Industries of Nigeria Ltd., 1 Brickfield Road, Ebute Metta, Lagos, Nigeria.	3-11-57	3-11-60 (Duration)*	General and validated licenses, all commodities, any destination, also exports to Canada. (Company related to William Kurt Samuel Wallersteiner, which see.)	22 F. R. 1650, 3-14-57. 22 F. R. 2053, 3-28-57.
Foster, Andrew J., 1063 Hope St., Springdale, Conn.	6-3-57	11-2-57 (6-2-58)*	General and validated licenses, all commodities, any destination, also exports to Canada.	22 F. R. 3983, 6-27-57.
General Import Export Co., Allenby Str. 108, P. O. B. 2228, Tel Aviv, Israel.	6-24-57	Duration	do	22 F. R. 4510, 6-27-57.
Guetta, Amedeo H., 120 Wall St., New York 5, N. Y.	6-24-57	1-24-58 (6-24-59)*	do	22 F. R. 4510, 6-27-57.
Industrial Overseas Technical Corp., 120 Wall St., New York 5, N. Y.	6-24-57	1-24-58 (6-24-59)*	General and validated licenses, all commodities, any destination, also exports to Canada. (Company related to Messrs. Jarach & Guetta, which see.)	22 F. R. 4510, 6-27-57.
Jarach-Guetta Industrial Overseas Co., Inc., 120 Wall St., New York 5, N. Y.	6-24-57	1-24-58 (6-24-59)*	General and validated licenses, all commodities, any destination, also exports to Canada.	22 F. R. 4510, 6-27-57.
Jarach, Lawrence M., 120 Wall St., New York 5, N. Y.	6-24-57	1-24-58 (6-24-59)*	do	22 F. R. 4510, 6-27-57.
Machlett Laboratories, Inc., 1063 Hope St., Springdale, Conn.	6-3-57	8-2-57 (6-2-58)*	do	22 F. R. 3983, 6-6-57.
Sudexport, Allenby Str. 108, P. O. B. 2228, Tel Aviv, Israel.	6-24-57	Duration	do	22 F. R. 4512, 6-27-57.

*This is the expiration date of a period of suspension held in abeyance. See explanation in paragraph (a) (1) of this section.

(Sec. 3, 63 Stat. 7, as amended; 50 U. S. C. App. 2023. E. O. 9630, 10 F. R. 12245, 3 CFR, 1945 Supp., E. O. 9919, 13 F. R. 59, 3 CFR, 1948 Supp.)

LORING K. MACY,
Director,
Bureau of Foreign Commerce.

[F. R. Doc. 57-6338; Filed, Aug. 2, 1957; 8:45 a. m.]

[1] This amendment was published in Current Export Bulletin 789, dated August 1, 1957.

[8th Gen. Rev. of Export Regs., Amdt. P. L. 13 [1]]

PART 399—POSITIVE LIST OF COMMODITIES AND RELATED MATTERS

MISCELLANEOUS AMENDMENTS

Section 399.1 *Appendix A—Postive List of Commodities* is amended in the following particulars:

1. The following commodities are deleted from the Positive List:

Dept. of Commerce Schedule B No.	Commodity
	Nonelectric industrial furnaces, kilns, lehrs, and ovens, and parts (report electric furnaces, kilns and ovens in 707415-707492):
775140	Carbon black furnaces, controlled atmosphere types (intermittent or continuous).
775150	Specially fabricated parts, n. e. c., for carbon black furnaces, controlled atmosphere types (intermittent or continuous).
791113	Special-purpose vehicles, n. e. c. (specify purpose for which designed and/or type of mounted equipment):
	Amphibian vehicles or carriers, new, n. e. c., front and rear axle drive or multiple rear axle drive (report parts in 947980).[1]
947980	Parts, n. e. c., for non-armored amphibian vehicles or carriers included on the Positive List under Schedule B No. 791113.[1]

[1] This entry is deleted from the Positive List since amphibian combat vehicles and parts therefor are licensed by the Department of State and non-combat amphibian vehicles and parts therefor are covered on the Positive List under other Schedule B numbers.

This part of the amendment shall become effective as of August 1, 1957.

2. The following commodities are added to the Positive List:

Dept. of Commerce Schedule B No.	Commodity	Unit	Processing code and related commodity group	GLV dollar value limits	Validated license required
	Rubber hose and tubing (report surgical tubing in 204100):				
208910	Air hose [1 2]	Lb.	RUBR	100	RO
706600	Power-controlled searchlights designed for military use [1 2]	No.	ELME 5	None	RO
	Electrical apparatus, n. e. c., and parts, n. e. c. (specify by name):				
709998	Parts, n. e. c., specially fabricated for power-controlled searchlights designed for military use. [1 2]	----------	ELME 5	None	RO
	Separators and collectors, industrial process type, n. e. c., and specially fabricated accessories and parts, n. e. c. (specify by name) (report ore and coal separating machines in 730750; electrostatic precipitators, precipitron type, in 770790; and drum filters, for petroleum refining in 775049):				
775360	Electrostatic precipitators, Cottrell type, and specially fabricated parts, n. e. c. [1]	----------	GIEQ	None	RO
	Parts and accessories, n. e. c., specially fabricated for small arms:				
947450	Firearms silencers (mufflers) [1 2]	----------	FINP	None	RO

[1] This commodity is subject to the IC/DV procedure (see § 373.2), effective September 16, 1957.
[2] This commodity may be exported under general license GLV to R and O destinations only within the dollar-value limit specified on the Positive List (see § 371.10 (d)).

This part of the amendment shall become effective as of August 8, 1957.

3. The following entries set forth below are substituted for entries presently on the Positive List. Where the Positive List contains more than one entry under a Schedule B number, the entry to be superseded is identified by a numerical reference in parentheses following the commodity description in the revised entry:

Dept. of Commerce Schedule B No.	Commodity	Unit	Processing code and related commodity group	GLV dollar value limits	Validated license required
707590	Short wave, diathermy units operating at frequencies exceeding 600 megacycles per second. (1) [20]	No.	SATE 1	None	RO
707590	Parts, n. e. c., specially fabricated for short wave diathermy units operating at frequencies exceeding 600 megacycles per second. (2) [22]	----------	SATE 1	25	RO
	Power-driven metalworking machine tools (nonportable), and parts:				
	Automatic chucking lathes and between center lathes:				
740305	Other automatic lathes, multispindle (including automatic multispindle crankshaft lathes). (2) [18]	No.	TOOL	500	RO
	Lathes, n. e. c. (specify by name):				
740390	Other spinning lathes, n. e. c., except those with spindle drive motor of 10 horsepower or less. (Report automatic multispindle crankshaft lathes in 740305.) (8) [18]	No.	TOOL	500	RO
	Hydraulic and pneumatic presses, all types, including forging presses:				
744420	Other hydraulic presses with rated capacity of over 1,000 tons. (3) [2]	No.	TOOL	None	RO
744420	Other hydraulic presses with rated capacity of 1,000 tons or less. (4) [1]	No.	TOOL	1,000	R
	Mechanical presses, power driven, all types:				
744425	Other mechanical presses with rated capacity of over 1,000 tons. (3) [2]	No.	TOOL	None	RO
744425	Other mechanical presses with rated capacity of 1,000 tons or less. (4) [1]	No.	TOOL	1,000	R
744490	Parts and accessories, n. e. c., specially fabricated for metalworking machines included on the Positive List under Schedule B Nos. 744420 and 744425, for which validated license is required to R country destinations only. (2) [1]	----------	TOOL	1,000	R
829915	Additives for lubricating and fuel oils (including diesel oil cetane improvers and other agents added to motor oils, diesel and fuel oils, engine oils and greases to increase their effectiveness). (Specify names of additive and indicate quantity of each.) (Report combustion catalysts containing cobalt in 829990.) [23]	Lb. or gal.	PETR 1	25	RO
900600	Parts, n. e. c., specially fabricated for the following: aerial and special purpose military cameras; high-speed cameras capable of recording at rates in excess of 250 frames per second; oscillograph cameras; photomicrographic cameras; and X-ray powder cameras. (1, 2 and 4.) [2 13 14 22 24]	----------	FINP 5	25	RO
902300	Lenses for the following cameras: aerial and special purpose military cameras; high-speed cameras capable of recording at rates in excess of 250 frames per second; oscillograph cameras; and photomicrographic cameras. [22 24]	No.	FINP 5	None	RO

[1] The GLV dollar-value limit is increased.
[2] The GLV dollar-value limit is decreased, effective August 8, 1957.
[13] The letter "F" is deleted in the column headed "Commodity Lists," indicating that the commodity may no longer be exported under the Foreign Distribution licensing procedure (see Part 378), effective August 31, 1957.
[14] The letter "G" is added to the column headed "Commodity Lists," indicating that the commodity may be exported under General License GLV to R and O destinations only within the dollar-value limit specified on the Positive List (see § 371.10 (d)), effective August 8, 1957.
[18] The commodity description is revised without substantive change.
[20] The commodity coverage is decreased.
[22] The commodity coverage is increased, effective August 8, 1957.
[23] A reporting requirement is added.
[24] The added commodities may be exported under the Foreign Distribution licensing procedure (see Part 378); and effective September 16, 1957, they are subject to the IC/DV procedure (see § 373.2).

This part of the amendment shall become effective as of August 1, 1957, unless otherwise indicated in the footnotes.

Shipments of any commodities removed from general license to Country Group R and Country Group O destinations as a result of changes set forth in items 2 and 3 above which were on dock for lading, on lighter, laden aboard an exporting carrier, or in transit to a port of exit pursuant to actual orders for export prior to 12:01 a. m., Auugst 8, 1957, may be exported under the previous general license provisions up to and including August 31, 1957. Any such ship-

[1] This amendment was published in Current Export Bulletin 789, dated August 1, 1957.

ment not laden aboard the exporting carrier on or before August 31, 1957 requires a validated license for export.

(Sec. 3, 63 Stat. 7, as amended; 50 U. S. C. App. 2023. E. O. 9630, 10 F. R. 12245, 3 CFR, 1945 Supp., E. O. 9919, 13 F. R. 59, 3 CFR, 1948 Supp.)

LORING K. MACY,
Director,
Bureau of Foreign Commerce.

[F. R. Doc. 57-6339; Filed, Aug. 2, 1957; 8:45 a. m.]

TITLE 30—MINERAL RESOURCES

Chapter I—Bureau of Mines, Department of the Interior

Subchapter C—Explosives and Related Articles; Tests for Permissibility and Suitability

[Bureau of Mines Schedule 27B]

PART 16—STEMMING DEVICES

There was published in the FEDERAL REGISTER of May 9, 1957 (22 F. R. 3258-3260), a notice and text of proposed regulations governing tests for permissibility and suitability of stemming devices for use in coal mines. Interested persons were given 30 days in which to submit written data, views, or arguments in respect to the proposed amended regulations. No adverse comments having been received, the proposed amended regulations as set forth below, are hereby adopted without change.

HATFIELD CHILSON,
Acting Secretary of the Interior.

JULY 29, 1957.

Part 16 of the Subchapter C, Chapter I of Title 30 Code of Federal Regulations is amended to read as follows:

Sec.
16.1 Purpose.
16.2 Definitions.
16.3 Application for tests.
16.4 Fees.
16.5 Drawings and specifications.
16.6 Shipment of stemming device sample.
16.7 Place of investigation.
16.8 Consultation.
16.9 Observers at formal investigations and demonstrations.
16.10 Physical and chemical tests.
16.11 Requirements for approval of a stemming device.
16.12 Change in design.
16.13 Granting of approval; notification of approval or disapproval.
16.14 Approval label.
16.15 List of permissible stemming devices.
16.16 Conditions under which stemming devices are to be used.
16.17 Field sampling.
16.18 Rescission of approval.

AUTHORITY: §§ 16.1 to 16.18 issued under sec. 5, 36 Stat. 370 as amended; 30 U. S. C. 7. Interpret or apply sec. 3, 36 Stat. 370, as amended; 30 U. S. C. 5.

§ 16.1 *Purpose.* The regulations in this part specify the safety standards and the requirements for approval by the Bureau of Mines, of stemming devices as permissible for use in coal mines. The use of stemming devices for confining permissible explosives when fired for underground blasting, involves consideration of several possible hazards including:

(a) Ignition of methane-air and/or coal dust-air mixtures when the explosive charge is detonated.

(b) Emission of toxic gases such as carbon monoxide, oxides of nitrogen, and hydrogen sulfide when the explosive charge is detonated.

(c) Other hazards associated with the firing of inadequately confined explosive charges.

§ 16.2 *Definitions.* As used in this part, the following words are defined:

(a) "Stemming devices" means any flame resistant unit which has incorporated in its design positive means for providing adequate confinement to permissible explosives in boreholes when used as prescribed.

(b) "Approval" means written official notification by the Bureau of Mines that upon investigation the stemming device has met satisfactorily the requirements of this part for use in coal mines.

(c) "Permissible" means conforming in every respect to the provisions of the appropriate Bureau of Mines test schedule.

(d) "Approval label" means an identifying mark indicating that the stemming device has been approved by the Bureau of Mines as a permissible stemming device.

(e) "Flame resistant" means incapable of supporting combustion under the test conditions hereinafter stated.

§ 16.3 *Application for tests.* Before the Bureau will make any tests on a stemming device or on any change in the design thereof, the manufacturer or user must file a written request (no application form is provided by the Bureau) with the U. S. Bureau of Mines, Central Experiment Station, 4800 Forbes Street, Pittsburgh 13, Pennsylvania. A statement as to the nature of the stemming device to be tested, the composition, and any other pertinent information relative to the stemming device must accompany the application. The Bureau's engineers will review the application and decide whether or not the tests will be undertaken. If the application is approved, an application number will be assigned and instructions given regarding the fees required and method of shipment of materials. Upon receipt of this information, the applicant must transmit, to the address given in this section, a check, bank note, or money order, made payable to the Bureau of Mines, to cover all fees for the tests; drawings and specifications of the stemming device must be transmitted at the same time.

§ 16.4 *Fees.* (a) The fee for complete tests leading to approval of a stemming device will be $950 unless additional tests described under § 16.10 (c) are deemed necessary. If the applicant withdraws the device or if the stemming device fails to pass any of the tests prescribed in this part, the Bureau will charge for the tests actually performed, with a minimum charge of $100, on the basis set out in paragraph (b) of this section. The balance of the fee will be returned to the applicant. The fee for tests made in connection with changes in the design of a previously approved stemming device will be that determined by the Bureau, but will be not less than $100.

(b) The fees covering individual tests will be as follows:

(1) Chemical tests—$50.
(2) Physical examination—$20.
(3) Gallery test, per shot—$14.
(4) Rough handling test—$10.
(5) Flammability test—$30.
(6) For other tests, the fees are determined by the Bureau's engineers on the basis of the Bureau's estimate of the costs in making the test.

§ 16.5 *Drawings and specifications.* A set of drawings, bill of material, and specifications sufficient in number and detail to identify fully the parts of the stemming device must be furnished to the Bureau. Drawings should be numbered and dated to facilitate identification and reference in the records. The drawings and specifications for stemming devices shall include an assembly drawing, or drawings, clearly showing the over-all dimensions of the stemming device, tolerances, and the character, size, and relative arrangement of all parts. The nature of the materials used in the assembly shall be specified on the drawings.

§ 16.6 *Shipment of stemming device samples.* Samples of the stemming device to be tested should be shipped to the Bureau only after the Bureau has furnished shipping instructions specifying the quantities, sizes, and mode of shipment of the samples.

§ 16.7 *Place of investigation.* Tests on stemming devices will be made at the Bureau's Explosives Testing Station at Bruceton, Pennsylvania, in the order of receipt of applications.

§ 16.8 *Consultation.* Any potential applicant (or accredited representative thereof) may visit the Bureau of Mines' Central Experiment Station, Pittsburgh, Pennsylvania, to discuss, without charge, stemming devices proposed to be submitted for investigation by the Bureau. Should preliminary tests appear advisable before submitting the stemming device for approval, the Bureau may conduct such tests for the applicant with fees as prescribed in § 16.4.

§ 16.9 *Observers at formal investigations and demonstrations.* No one shall be present during any part of the formal investigation conducted by the Bureau which leads to approval for permissibility except the necessary Government personnel, representatives of the applicant, and such other persons as may be mutually agreed upon by the applicant and the Bureau. Upon granting approval for permissibility, the Bureau will announce that such approval has been granted to the stemming device and may thereafter conduct, from time to time in its discretion, public demonstrations of the tests conducted on the approved stemming device. Those who attend any part of the investigation, or any public demonstration, shall be present solely as observers; the conduct of the investigation and of any public demonstration shall be controlled wholly by the Bureau's personnel. Results of chemical analyses of

material and all information contained in the drawings, specifications, and instructions shall be deemed confidential and their disclosure will be appropriately safeguarded by the Bureau.

§ 16.10 *Physical and chemical tests*—(a) *Compositional tests.* Such test will be made to verify the submitted specifications.

(b) *Physical tests.* The following physical tests will be made:

(1) *Physical examination.* An examination will be made to verify the submitted specifications, or to establish basic specifications on the composition, as are deemed necessary by the Bureau.

(2) *Gallery test.* Fifty trials, using two or more different permissible explosives selected by the Bureau, will be made with not more than thirty trials with any one permissible explosive, firing a 220-gram charge of the permissible explosive from a cannon stemmed with the stemming device under test, into a steel gallery charged with a mixture of natural gas and air containing 8.0 ±0.3 percent of the Bureau's standard natural gas, at a temperature of 25 ±5° C. In order to pass this test there must not be an ignition in any of the trials made.

(3) *Rough-handling test.* A specially designed box is used for making the rough-handling test. This box is approximately 6 feet in height and it is equipped with 7 baffles each approximately 10 inches apart and sloping 30° from the horizontal. Ten samples of the stemming device to be tested will be introduced individually at the top and allowed to drop from baffle to baffle. Each stemming device will be subjected to 30 passes through the box and then will be subjected to the gallery test prescribed in subparagraph (2) of this paragraph. Each stemming device must pass the gallery test in the physical condition existing at the end of the rough-handling test. These ten gallery trials shall be in addition to the fifty trials described in subparagraph (2) of this paragraph.

(4) *Flammability test.* At least three specimens 2 inches in length, ¼ inch in width and 1/16 inch thick shall be cut or prepared from each major component of the device under test, excluding any wrapper material. If the total weight of any wrapper material exceeds 3 grams, it shall be tested separately. If the nature of the material to be tested precludes the preparation of specimens with the above dimensions, then the specimens shall have dimensions as near as possible to those specified. The specimen shall be clamped in a support at one end with its longitudinal axis horizontal and its transverse axis inclined at 45° to the horizontal. Under the test specimen, there shall be clamped a piece of 20-mesh Bunsen burner gauze about 1½ inches square, in a horizontal position ¼ inch below the specimen with about ½ inch of the specimen extending beyond one edge of the gauze. If the specimen is not rigid, it shall be allowed to bend and come to rest on the gauze. A Bunsen-type burner, with a flame 1 inch in height having a temperature of 950° ±50° C. when measured by means of a 20 B & S gauge, iron-constantan thermocouple, centered in the flame at the tip of the inner cone, shall be placed under the free end of the test specimen and adjusted so that the flame tip is just in contact with the specimen. The flame shall be removed when ignition of the specimen is observed or after an application time of not more than 30 seconds. If the specimen does not continue to burn with visible flame after the first application of flame, a second application of the burner flame shall be made immediately under the same conditions for a period not to exceed 30 seconds. If none of the specimens continue to burn with a visible flame for more than 5 seconds after removing the burner flame in any of the individual trials made, the material shall be considered flame resistant and acceptable for use in the stemming device.

(c) *Additional tests.* Additional tests will be made if it is determined by the Bureau of Mines that they are necessary to establish safety characteristics of the stemming device.

§ 16.11 *Requirements for approval of a stemming device.* Approval will be given only for stemming devices which pass the tests prescribed in § 16.10. Approval will be based primarily on tests made on one standard size to be designated by the Bureau of Mines (1¾ inch diameter unless otherwise specified). The applicant must, however, submit samples and specifications for all sizes for which approval is desired. No stemming device with diameter exceeding the length will be accepted for test. For sizes smaller than the standard size, the overall length must not be less than that for the standard size. For sizes having a diameter larger than the standard size, the ratio of the length to the diameter must not be less than that for the standard size. Specific approval must be obtained for each size before it can be labeled as approved. The amount of any combustible wrapper used must not exceed 3 grams.

§ 16.12 *Change in design.* Any change in the design of an approved stemming device must first be approved by the Bureau before such modified stemming devices are offered to the trade under the approval label.

§ 16.13 *Granting of approval; notification of approval or disapproval.* After the Bureau of Mines has completed the investigation of a stemming device, a written report covering approval or disapproval of the stemming device will be sent to the applicant. The report of approval will establish the tolerances that must be maintained in manufacture and all requirements for use as described in § 16.16.

§ 16.14 *Approval label.* (a) Upon approval of the stemming device and before the stemming device is offered to the trade, the applicant must place an approval label on all containers of packages of such stemming devices which must be of the same characteristics as the stemming device approved by the Bureau. The approval label which shall be submitted to and approved by the Bureau shall bear the seal of the Department of the Interior, Bureau of Mines, and be inscribed as follows:

PERMISSIBLE STEMMING DEVICE

Approval Number _____ issued to _____.

(b) When required by the Bureau, appropriate words of caution must be added.

(c) A manufacturer who places the approval label on the stemming device must use all reasonable precautions to manufacture the stemming device to conform with the specified tolerances of the stemming device as approved, and is obligated to warn the user that the stemming device is permissible only when employed as specified in § 16.16.

§ 16.15 *List of permissible stemming devices.* The Bureau will maintain a list of permissible stemming devices which will be published from time to time.

§ 16.16 *Conditions under which stemming devices are to be used.* An approved stemming device is permissible only when used under the following conditions:

(a) The stemming device must be completely within the borehole and in physical contact with the explosive charge before the shot is fired.

(b) The stemming device must be of such a size as to fill tightly the cross section of the borehole when it is properly put into place.

(c) The explosive being stemmed must be classed as "permissible" and it must be used in the manner prescribed by the Bureau of Mines in Part 15 of this subchapter.

(d) Other conditions, which will be set down by the Bureau as appropriate to the particular stemming device, must be observed.

§ 16.17 *Field sampling.* The Bureau will, from time to time, collect and reexamine permissible stemming devices in order to determine whether they conform to the stemming device as approved. If the field sample fails to pass any of the tests described in § 16.10 or exceeds the established tolerances, the manufacturer will be so notified and required to take such steps as are necessary to make all future production conform to the approved specifications. In the event of failures of a nature deemed by the Bureau to present definite hazard in use of the stemming device, the Bureau may request that the manufacturer remove from the market and the field any unused stemming devices of similar faulty nature.

§ 16.18 *Rescission of approval.* The Bureau reserves the right to rescind for cause at any time, any approval granted under this part. Upon such rescission the stemming device will be declared nonpermissible and will be removed from the list of permissible stemming devices.

[F. R. Doc. 57-6330; Filed, Aug. 2, 1957; 8:47 a. m.]

TITLE 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

Appendix—Public Land Orders

[Public Land Order 1450]

[Idaho 07135]

IDAHO

WITHDRAWING PUBLIC LANDS FOR USE OF BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR, AS AN ADMINISTRATIVE SITE

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

Subject to valid existing rights, the following-described public lands in Idaho are hereby withdrawn from all forms of appropriation under the public land laws, including the mining but not the mineral leasing laws nor the act of July 31, 1947 (61 Stat. 681; 69 Stat. 367; 30 U. S. C. 601–604) as amended, and reserved for the use of the Bureau of Land Management, Department of the Interior, as an administrative site:

BOISE MERIDIAN

T. 2 N., R. 38 E.,
Sec. 8. That part of the S½SE¼ described as follows: Beginning at a point from which the South Quarter Corner of said Section 8 bears South, 41.5 feet and West, 897 feet, thence
East, 224 feet along the Utah-Idaho Sugar Company right-of-way,
N. 28°17′ E., 617 feet along the Idaho Irrigation District West right-of-way canal, S. 69°08′ W., 566.7 feet,
S. 2°12′ E., 341.7 feet to point of beginning.

The tract described contains 3.50 acres.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 30, 1957.

[F. R. Doc. 57-6355; Filed, Aug. 2, 1957; 8:46 a. m.]

[Public Land Order 1451]

[Sacramento 048776]

CALIFORNIA

RESERVING CERTAIN PUBLIC LANDS IN CONNECTION WITH TOWER HOUSE SPRINGS UPLAND GAME MANAGEMENT AREA

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952, and the act of March 10, 1934, as amended by the act of August 14, 1946 (48 Stat. 401; 60 Stat. 1080; 16 U. S. C. 661–666c), it is ordered as follows:

Subject to valid existing rights, the following-described public lands in Shasta County, California, are hereby withdrawn from all forms of appropriation under the public-land laws, including the mining but not the mineral-leasing laws, and reserved under the jurisdiction of the Department of the Interior for use of the Department of Fish and Game of the State of California in connection with the Tower House Springs, Upland Game Management Area, under such conditions as may be prescribed by the Secretary of the Interior:

MOUNT DIABLO MERIDIAN

T. 33 N., R. 7 W.,
Sec. 34, N½, N½SW¼, N½SE¼SW¼, W½SW¼SW¼, W½E½SW¼SW¼, NW¼SE¼, NE¼NE¼SE¼, W½E½SE¼, N½SW¼SE¼, N½S½SW¼SE¼.

The areas described aggregate 570 acres.

This order shall be subject to existing withdrawals for reclamation and power purposes so far as they affect any of the above-described lands.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 30, 1957.

[F. R. Doc. 57-6356; Filed, Aug. 2, 1957; 8:47 a. m.]

[Public Land Order 1452]

[038226]

WYOMING

RESERVING LANDS WITHIN TARGHEE NATIONAL FOREST FOR USE OF FOREST SERVICE AS LONG SPRINGS RECREATION AREA

By virtue of the authority vested in the President by the Act of June 4, 1897 (30 Stat. 34, 36; 16 U. S. C. 473), and otherwise, and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

Subject to valid existing rights, the following described public lands within the Targhee National Forest, Wyoming, are hereby withdrawn from all forms of appropriation under the public land laws, including the mining but not the mineral leasing laws or the Act of July 31, 1947 (61 Stat. 681; 30 U. S. C. 601–604) as amended, and reserved for use of the Forest Service, Department of Agriculture, as the Long Springs Recreation Area:

T. 37 N., R. 118 W., 6th P. M., Wyoming,
Sec. 7, SW¼ (unsurveyed);
Sec. 18, NE¼NE¼, E½NW¼NE¼.

The area described contains approximately 220 acres.

This order shall take precedence over but not otherwise affect the existing reservation of the lands for national forest purposes.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 30, 1957.

[F. R. Doc. 57-6357; Filed, Aug. 2, 1957; 8:47 a. m.]

[Public Land Order 1453]

[Washington 02212]

WASHINGTON

WITHDRAWING PUBLIC LANDS UNDER JURISDICTION OF UNITED STATES DEPARTMENT OF AGRICULTURE FOR USE BY DEPARTMENT OF AGRICULTURE OF STATE OF WASHINGTON AS MOXEE PLANT INTRODUCTION QUARANTINE STATION

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

1. Subject to valid existing rights, the hereinafter-described public lands in Washington are hereby withdrawn from all forms of appropriation under the public-land laws, including the mining and, except as hereinafter provided, the mineral-leasing laws, and reserved under jurisdiction of the United States Department of Agriculture for use by the Department of Agriculture of the State of Washington for research purposes as the Moxee Plant Introduction and Quarantine Station, under such conditions as may be prescribed by the United States Department of Agriclture:

WILLAMETTE MERIDIAN

T. 12 N., R. 21 E.
Sec. 34, NE¼.

The area described contains 160 acres.

2. The oil and gas deposits in the lands shall be subject to development and extraction under the mineral-leasing laws, subject to the condition that surface use by any lessee shall be restricted to the south 600 feet of the withdrawn area, and to the west 500 feet of the SW¼NE¼ of sec. 34. No part of the surface of the remaining area shall be used or invaded for any purpose by any lessee. Leases affecting any of the lands shall be subject to any special stipulations found necessary by the United States Department of Agriculture to preserve the usefulness of the lands for the purposes for which they are withdrawn.

ROGER ERNST,
Assistant Secretary of the Interior.

JULY 30, 1957.

[F. R. Doc. 57-6358; Filed, Aug. 2, 1957; 8:47 a. m.]

[Public Land Order 1454]

[75943]

NEW MEXICO

PARTIALLY REVOKING DEPARTMENTAL ORDER OF DECEMBER 7, 1907, WHICH WITHDREW CERTAIN LANDS FOR USE OF FOREST SERVICE AS CARSON SEEP ADMINISTRATIVE SITE AND REVOKING DEPARTMENTAL ORDER OF JANUARY 7, 1908, WHICH ENLARGED SITE

By virtue of the authority vested in the President by the act of June 4, 1897 (30 Stat, 34, 36; 16 U. S. C. 473) and otherwise, and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

1. The departmental order of December 7, 1907, which withdrew certain lands for use of the Forest Service as the Carson Seep Administrative Site, is hereby revoked so far as it affects the following-described lands:

NEW MEXICO PRINCIPAL MERIDIAN

T. 25 S., R. 22 E.,
Sec. 8, S½SW¼;
Sec. 17, N½NW¼.

The areas described aggregate 160 acres.

2. The departmental order of January 7, 1908, which withdrew the following-described lands as an addition to the Carson Seep Administrative Site, is hereby revoked:

NEW MEXICO PRINCIPAL MERIDIAN

T. 25 S., R. 22 E.,
Sec. 8, N½SW¼;
Sec. 17, S½NW¼.

The areas described aggregate 160 acres.

3. The lands are within the Lincoln National Forest and shall be opened, subject to valid existing rights and the requirements of applicable law, to such applications, selections, and locations as are permitted on national forest lands effective at 10:00 a. m. on July 30, 1957.

ROGER ERNST,
Assistant Secretary of the Interior.

[F. R. Doc. 57-6359; Filed, Aug. 2, 1957; 8:47 a. m.]

TITLE 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, Department of the Army

PART 206—FISHING AND HUNTING REGULATIONS

CHESAPEAKE BAY, MD. AND VA.

Pursuant to the provisions of section 10 of the River and Harbor Act of March 3, 1899 (30 Stat. 1151; 33 U. S. C. 403) § 206.50 governing the construction and maintenance of fishing structures in Chesapeake Bay, Maryland and Virginia, and its navigable tributaries is amended by redesignating the fishing structure limits in York River, Virginia, changing paragraph (g) (4) as follows:

§ 206.50 *Chesapeake Bay, Md. and Va., and its navigable tributaries; fishing structures.* * * *

(g) *Norfolk District.* * * *

(4) *York River, above King Creek.*

	Latitude	Longitude
* * *	*	*
C 11	* * *	* * *
S "220N"	37 24 48.8	76 41 16.3
S "222N"	37 25 51.0	76 42 31.2
S "224N"	* * *	* * *
* * *	*	*

[Regs., July 12, 1957, 800.212 (Hampton Roads, Va.)-ENGWO] (Sec. 10, 30 Stat. 1151; 33 U. S. C. 403)

[SEAL] HERBERT M. JONES,
Major General, U. S. Army,
The Adjutant General.

[F. R. Doc. 57-6368; Filed, Aug. 2, 1957; 8:49 a. m.]

TITLE 50—WILDLIFE

Chapter I—Fish and Wildlife Service, Department of the Interior

Subchapter B—Hunting and Possession of Wildlife

PART 6—MIGRATORY BIRDS

OPEN SEASONS, BAG LIMITS, AND POSSESSION OF CERTAIN MIGRATORY GAME BIRDS.

Basis and purpose. Section 3 of the Migratory Bird Treaty Act of July 3, 1918, as amended (40 Stat. 755; 16 U. S. C. 704), authorizes and directs the Secretary of the Interior, from time to time, having due regard for the zones of temperature and to the distribution, abundance, economic value, breeding habits, and times and lines of flight of migratory birds, to determine when, to what extent, and by what means, such birds or any part, nest or egg thereof, may be taken, captured, killed, possessed, sold, purchased, shipped, carried, or transported.

By notice of proposed rule making published on June 25, 1957 (22 F. R. 4456), the public was invited to submit views, data, or arguments in writing to the Director, Bureau of Sport Fisheries and Wildlife, Washington, D. C., on or before July 22, 1957, and thus participate in the preparation of amendments to Part 6, Title 50, Code of Federal Regulations, to be proposed for the purpose, among others, of specifying open seasons, certain closed seasons, means of hunting, shooting hours, and bag limits for migratory game birds.

Subsequently, after due consideration of data obtained through investigations conducted by personnel of the Fish and Wildlife Service, State game departments, and from other sources, the several State game departments were informed concerning the season lengths and daily bag and possession limits proposed to be prescribed for the 1957-58 seasons on rails, gallinules, woodcock, mourning and white-winged doves, and band-tailed pigeons. The State game departments were also invited to submit recommendations for hunting seasons in the respective States on applicable members of these species; such hunting seasons to conform to the season lengths, and to fall within a framework of opening and closing dates, as established by this Department.

No written data, views, or arguments have been received in direct response to the notice of proposed rule making but each State game department has furnished information concerning the hunting seasons desired for its State on those species of migratory game birds for which open seasons are now to be prescribed. Accordingly, paragraphs (c), (d), (e), and (f) of § 6.51 are deleted and §§ 6.41 and 6.46, the first or introductory paragraph of § 6.51, and paragraphs (a) and (b) of § 6.51 are amended to read as follows:

§ 6.41 *Seasons and limits on doves and wild pigeons.* Subject to the applicable provisions of the preceding sections of this part, the areas open to hunting, the respective open seasons (dates inclusive), and the daily bag and possession limits on the species of doves and wild pigeons designated in this section are prescribed between the dates of September 1, 1957, and January 10, 1958, as follows:

(a) *Mourning doves.*

Daily bag and possession limit 10

Seasons in:

Alabama [1]	Oct. 2–Oct. 31. Dec. 3–Jan. 1.
Arizona [2]	Sept. 1–Sept. 29. Dec. 7–Dec. 27.
Arkansas [1]	Sept. 1–Oct. 10. Dec. 1–Dec. 20.
California [2]	Sept. 1–Sept. 30.
Colorado	Sept. 1–Oct. 20.
Connecticut	Closed season.
Delaware [1]	Sept. 20–Nov. 2. Nov. 15–Nov. 30.
District of Columbia	Closed season.
Florida [1]	Oct. 5–Nov. 1. Nov. 28–Dec. 29.
Georgia	Sept. 12–Sept. 28. Dec. 14–Jan. 10.
Idaho	Sept. 1–Sept. 15.
Illinois	Sept. 1–Oct. 15.
Indiana	Closed season.
Iowa	Do.
Kansas	Sept. 1–Oct. 20.
Kentucky [1]	Sept. 1–Oct. 30.
Louisiana [1]	Sept. 1–Sept. 15. Nov. 27–Jan. 10.
Maine	Closed season.
Maryland [1]	Sept. 16–Oct. 30. Dec. 21–Jan. 4.
Massachusetts	Closed season.
Michigan	Do.
Minnesota	Do.
Mississippi [1]	Sept. 12–Oct. 5. Nov. 27–Jan. 1.
Missouri	Sept. 1–Oct. 10. Nov. 10–Nov. 19.
Montana	Closed season.
Nebraska	Do.
Nevada	Sept. 1–Oct. 20.
New Hampshire	Closed season.
New Jersey	Do.
New Mexico [2]	Sept. 1–Sept. 25. Oct. 1–Oct. 25.
New York	Closed season.
North Carolina [1]	Sept. 7–Oct. 5. Dec. 11–Jan. 10.
North Dakota	Closed season.
Ohio	Do.
Oklahoma	Sept. 1–Oct. 20.
Oregon	Sept. 1–Sept. 22.
Pennsylvania	Sept. 10–Oct. 24.
Puerto Rico	Closed season.
Rhode Island	Nov. 1–Dec. 15.
South Carolina [1]	Sept. 14–Oct. 5. Dec. 4–Jan. 10.
South Dakota	Closed season.
Tennessee [1]	Sept. 2–Oct. 21. Dec. 21–Dec. 30.
Texas [1 2]	See footnote 3.
Utah	Sept. 1–Sept. 15.
Vermont	Closed season.
Virginia [1]	Sept. 16–Nov. 14.
Washington	Sept. 1–Sept. 30.
West Virginia	Oct. 11–Nov. 24.
Wisconsin	Closed season.
Wyoming	Do.

[1] Shooting hours in States indicated, 12 o'clock noon until sunset.

[2] In Arizona, daily bag and possession limit on mourning and white-winged doves is 25, provided such limit contains not more than 10 mourning doves. In California, New Mexico, and Texas, daily bag and possession limit on mourning and white-winged doves is 10, singly or in the aggregate of both kinds.

[3] Texas: Mourning doves in Val Verde, Kinney, Uvalde, Medina, Dexar, Comal, Hays, Travis, Williamson, Milam, Robertson, Leon, Houston, Cherokee, Nacogdoches, and Shelby Counties and all counties north and west thereof, Sept. 1 to Oct. 17; in the rest of

State (but not including Cameron, Hidalgo, Starr, Zapata, Webb, Maverick, Dimmit, La Salle, Jim Hogg, Brooks, Kenedy, and Willacy Counties), Oct. 1 to Nov. 17; in these latter counties Sept. 13, 15, and 17 and from Oct. 1 to Nov. 14.

(b) *White-winged doves.*

Daily bag and possession limit	See footnote 1.
Seasons in:	
Arizona	Sept. 1–Sept. 29. Dec. 7–Dec. 27.
California:	
Counties of:	
Imperial	Sept. 1–Sept. 30.
Riverside	Do.
San Bernardino	Do.
Remainder of State	Closed season.
New Mexico	Sept. 1–Sept. 25. Oct. 1–Oct. 25.
Texas: [2]	
Counties of:	
Brewster, Brooks, Cameron, Culberson, Dimmit, El Paso, Hidalgo, Hudspeth, Jeff Davis, Jim Hogg, Kenedy, Kinney, La Salle, Maverick, Presidio, Starr, Terrell, Val Verde, Webb, Willacy, Zapata	Sept. 13, 15, 17.

[1] In Arizona, the daily bag and possession limit on white-winged and mourning doves is 25, provided such limit contains not more than 10 mourning doves. In California, New Mexico, and Texas, the daily bag and possession limit on white-winged and mourning doves is 10 singly or in the aggregate of both kinds.

[2] Texas: Shooting hours 12 o'clock noon until sunset.

(c) *Band-tailed pigeons.*

Daily bag and possession limit	6
Seasons in:	
California:	
Counties of:	
Del Norte, Humboldt, Lassen, Modoc, Shasta, Siskiyou, Tehama, Trinity	Oct. 1–Oct. 31.
Remainder of State	Dec. 1–Dec. 31.
Oregon	Sept. 1–Sept. 30.
Washington	Do.

§ 6.46 *Seasons and limits on rails, gallinules, and woodcock.* Subject to the applicable provisions of the preceding sections of this part, the areas open to hunting, the respective open seasons (dates inclusive), and the daily bag and possession limits on the species designated in this section are prescribed between the dates of September 1, 1957, and February 12, 1958, as follows:

(a) *Atlantic Flyway States.*

	Rails and gallinules		Woodcock
	Sora	All others (singly or in aggregate)	
Daily bag limits	25	15	4
Possession limits	25	30	8
Seasons in:			
Connecticut	Sept. 1–Oct. 20		Oct. 26–Nov. 30.
Delaware	Sept. 1–Nov. 9		Nov. 15–Dec. 24.
District of Columbia	Closed season		Closed season.
Florida	Sept. 20–Nov. 24		Dec. 12–Jan. 20.
Georgia	Sept. 23–Nov. 30		Do.
Maine	Sept. 20–Nov. 28		Oct. 1–Nov. 9.
Maryland	Sept. 1–Oct. 20		Nov. 15–Dec. 24.
Massachusetts	Oct. 21–Dec. 29		Oct. 21–Nov. 29.
New Hampshire	Sept. 1–Nov. 9		Oct. 1–Nov. 9.
New Jersey	Sept. 2–Nov. 9		Oct. 19–Nov. 27.
New York: [1]			
Counties of:			
Nassau	Sept. 1–Nov. 9		Nov. 1–Nov. 22.
Suffolk	do		Do.
Remainder of State	do		Oct. 14–Nov. 22.
North Carolina	do		Nov. 28–Jan. 6.
Pennsylvania	Sept. 2–Nov. 9		Oct. 15–Nov. 23.
Puerto Rico	Dec. 15–Feb. 12		Closed season.
Rhode Island	Oct. 1–Dec. 9		Nov. 1–Dec. 10.
South Carolina	Sept. 20–Nov. 23		Dec. 10–Jan. 18.
Vermont	Sept. 1–Nov. 9		Oct. 1–Nov. 9.
Virginia	Sept. 16–Oct. 31		Nov. 18–Dec. 27.
West Virginia	Oct. 11–Dec. 19		Oct. 11–Nov. 19.

[1] New York: The shooting hours during which woodcock may be taken shall be 9 a. m. to 5 p. m. on the first day of the respective seasons and from 7 a. m. to 5 p. m. on each day thereafter.

(b) *Mississippi Flyway States.*

	Rails and gallinules		Woodcock
	Sora	All others (singly or in aggregate)	
Daily bag limits	25	15	4
Possession limits	25	15	8
Seasons in:			
Alabama	See footnote 1		Dec. 12–Jan. 20.
Arkansas	Sept. 1–Nov. 9		Nov. 15–Dec. 24.
Illinois	Closed season		Nov. 16–Dec. 25.
Indiana	Sept. 1–Nov. 9		Oct. 19–Nov. 27.
Iowa	Closed season		Closed season.
Kentucky	Nov. 20–Jan. 10		Nov. 20–Dec. 29.
Louisiana	Oct. 1–Dec. 9		Dec. 12–Jan. 20.
Michigan	See footnote 1		See footnote 2.
Minnesota	Sept. 1–Nov. 9		Oct. 1–Nov. 9.
Mississippi	Oct. 7–Dec. 15		Dec. 10–Jan. 18.
Missouri	Sept. 1–Nov. 9		Nov. 10–Dec. 19.
Ohio	Sept. 2–Nov. 9		Oct. 1–Nov. 9.
Tennessee	Nov. 2–Jan. 10		Nov. 28–Jan. 6.
Wisconsin	Oct. 1–Dec. 9		Oct. 1–Nov. 9.

[1] The seasons for hunting rails and gallinules in Alabama and Michigan will be prescribed at a later date.
[2] The season for hunting woodcock in Michigan will be prescribed at a later date.

(c) *Central Flyway States.*

	Rails and gallinules		Woodcock
	Sora	All others (singly or in aggregate)	
Daily bag limits	25	15	4
Possession limits	25	15	8
Seasons in:			
Colorado	Sept. 1–Nov. 9		Closed season.
Kansas	do		Do.
Montana	Closed season		Do.
Nebraska	Oct. 11–Dec. 19		Oct. 11–Nov. 19.
New Mexico	Nov. 2–Jan. 10		Closed season.
North Dakota	Sept. 27–Dec. 3		Oct. 1–Nov. 9.
Oklahoma	Oct. 1–Dec. 9		Nov. 23–Jan. 1.
South Dakota	Closed season		Closed season.
Texas	Sept. 1–Nov. 9		Dec. 8–Jan. 16.
Wyoming	Closed season		Closed season.

§ 6.51 *Seasons and limits on waterfowl, coots, and Wilson's snipe.* Subject to the applicable provisions of the preceding sections of this part, the areas open to hunting, the respective open seasons (dates inclusive), and the daily bag and possession limits on the species of waterfowl and on coots and Wilson's snipe as designated in this section are prescribed between the dates of September 1, 1957, and December 31, 1957, as follows:

(a) *Alaska.*

	Ducks [1]	Geese	Coots	Brant	Wilson's snipe
Daily bag limits	7	3	15	3	8
Possession limits	14	6	15	6	8
Seasons throughout Alaska [1]	Sept. 1–Nov. 29				Sept. 1–Oct. 15.

[1] In Wildlife Management Units 8, 9, 10, and 16 through 26, as described in § 46.2 of this chapter, old-squaw, harlequin, scoter, and eider ducks and American and red-breasted merganser ducks may be taken from September 1 through December 15. Within such Units the daily bag limit for old-squaw, harlequin, scoter, and eider ducks and American and red-breasted merganser ducks is 10 singly or in the aggregate, and the possession limit is 20 singly or in the aggregate of all kinds of such ducks. These limits may be taken and possessed in addition to the limits prescribed in the above table for other ducks. In Units 1 to 7 and 11 to 15, both inclusive, the bag limits on American and red-breasted merganser ducks are 5 daily and 10 in possession, singly or in the aggregate of both kinds, which limits may be in addition to the limits prescribed in the above table for other ducks.

(b) *Scoter, eider, and old-squaw ducks.*

Daily bag limit	7	Singly or in aggregate.
Possession limit	14	
Special seasons in open coastal waters only, beyond outer harbor lines in: [1]		
Connecticut		Oct. 1–Dec. 31.
Maine		Sept. 16–Dec. 31.
Massachusetts		Sept. 14–Dec. 29.
New Hampshire		Sept. 16–Dec. 31.
New York		Oct. 1–Dec. 31.
Rhode Island		Sept. 16–Dec. 31.

(Sec. 3, 40 Stat. 755, as amended; 16 U. S. C. 704. Interpret or apply E. O. 10250, 16 F. R. 5385, 3 CFR, 1951 Supp.)

Since the foregoing amendments will permit the taking of designated species of migratory game birds within specified periods, many of which begin as early as September 1, the amendments shall become effective upon publication in the FEDERAL REGISTER to afford ample notice to the hunting public.

Issued at Washington, D. C., and dated July 30, 1957.

FRED A. SEATON,
Secretary of the Interior.

[F. R. Doc. 57-6354; Filed, Aug. 2, 1957; 8:46 a. m.]

[1] In areas other than those beyond outer harbor lines in the States listed, scoter, eider, and old-squaw ducks may be taken only during the open seasons for other ducks. Daily bag and possession limits prescribed for scoter, eider, and old-squaw ducks are in addition to the limits prescribed for other ducks taken during the regular season.

TITLE 41—PUBLIC CONTRACTS

Chapter II—Division of Public Contracts, Department of Labor

PART 201—GENERAL REGULATIONS

TOLERANCE FOR APPRENTICES

Notice was published in the FEDERAL REGISTER on May 28, 1957 (22 F. R. 3729), that the Secretary of Labor proposed to amend Part 201 of the Code of Federal Regulations (41 CFR Part 201), by the addition of a new § 201.1103, the terms of which were set forth in the notice. Interested persons were given 30 days in which to submit data, views or arguments pertaining to the proposal, which period elapsed on June 27, 1957. No submittals have been received. However, the proposal, which authorized the Administrator of the Public Contracts Division to issue certificates for the employment of apprentices under the Public Contracts Act, will be amended by this order to make clear that this authorization extends to annulment and withdrawal of such certificates as well as to their issuance. As this change in the proposal is for purposes of clarification and is an internal matter relating solely to agency management, it is excepted from the requirements of subsections 4 (a) and (b) of the Administrative Procedure Act (60 Stat. 236, 5 U. S. C. 1003), and it is effected by this order without other notice.

Accordingly, pursuant to authority under sections 4 and 6 of the Walsh-Healey Public Contracts Act (Secs. 4 and 6, 49 Stat. 2038 as amended; 41 U. S. C. 38 and 40), Part 201 of the Code of Federal Regulations (41 CFR Part 201), is amended by the addition of a new § 201.1103 to read as follows:

§ 201.1103 *Tolerance for apprentices.* (a) Apprentices may be employed at wages lower than the prevailing minimum wages, determined by the Secretary of Labor pursuant to section 1 (b) of the Public Contracts Act, in accord with the same standards and procedures as are prescribed for the employment of apprentices under section 14 of the Fair Labor Standards Act of 1938, and by the regulations of the Administrator of the Wage and Hour Division of the Department of Labor issued thereunder (29 CFR Part 521).

(b) Any certificate issued pursuant to such regulations shall constitute authorization for employment of that worker under the Public Contracts Act in accordance with the terms of the certificate, insofar as the prevailing minimum wage is concerned.

(c) The Administrator of the Public Contracts Division is authorized to issue, annul, or withdraw certificates under the Public Contracts Act for the employment of apprentices not subject to the Fair Labor Standards Act of 1938 or subject to different minimum rates of pay under the two acts, at appropriate rates of compensation and in accordance with the standards and procedures prescribed by the applicable regulations issued under the Fair Labor Standards Act of 1938.

(Sec. 4, 49 Stat. 2038; 41 U. S. C. 38)

This amendment shall be effective as to all contracts awarded on or after the 3d day of September 1957.

Signed at Washington, D. C., this 31st day of July 1957.

JAMES T. O'CONNELL,
Acting Secretary of Labor.

[F. R. Doc. 57-6386; Filed, Aug. 2, 1957; 8:53 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR (1954) Part 570]

REGULATIONS UNDER DEATH DUTY CONVENTION BETWEEN UNITED STATES AND CANADA

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Internal Revenue, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U. S. C. 7805) and Article X (a) of the death duty convention between the United States and Canada of June 8, 1944, modified and supplemented by the convention proclaimed by the President of the United States on November 29, 1951.

[SEAL] RUSSELL C. HARRINGTON,
Commissioner of Internal Revenue.

Sec.
570.101 Introduction.
570.102 Scope of regulations.
570.103 Domicile and citizenship.
570.104 Situs of property.
570.105 Taxation on basis of domicile or citizenship.
570.106 Taxation on basis of situs of property.
570.107 Prorated specific exemption.
570.108 Credit for Dominion succession duty.
570.109 Claim for credit or refund and interest on refund.
570.110 Competent authorities.
570.111 Exchange of information.
570.112 Protests by interested persons.

§ 570.101 *Introduction*—(a) *General.* A convention between the United States

and Canada for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties was signed on June 8, 1944, and came into force on February 6, 1945, when instruments of ratification were exchanged. By its terms, however, it was made applicable to estates of decedents dying on or after June 14, 1941. On June 12, 1950, a second convention was signed to modify and supplement the convention of June 8, 1944. The supplementary convention contains seven articles. Article I states that Articles II to VI, inclusive, of the earlier convention are abrogated and replaced by Articles II to VI, inclusive, of the later convention. Articles I and VII to XIV, inclusive, of the earlier convention remain unchanged. The convention, as thus amended and supplemented, is applicable only to the estates of decedents dying on or after November 21, 1951, the date of exchange of the instruments of ratification. The period of limitation for the filing of claims for credit or refunds provided by Article VI of the supplementary convention is, however, effective as to the estates of decedents dying on or after June 14, 1941. The supplementary convention was proclaimed by the President of the United States on November 29, 1951.

(b) *Text of convention and Proclamation of President.* The text of the convention, as amended, and the text of the Proclamation of the President follow:

[UNITED STATES-CANADA DEATH DUTY CONVENTION, AS AMENDED NOVEMBER 21, 1951]

ARTICLE I

1. The taxes referred to in this convention are:

(a) For the United States of America; the Federal estate taxes;

(b) For Canada; the taxes imposed under the Dominion Succession Duty Act.

2. In the event of appreciable changes in the fiscal laws of either contracting State, the competent authorities of the contracting States will consult together.

ARTICLE II

Where a person dies a citizen of the United States of America or domiciled in the United States of America or Canada, the situs of any rights or interests, legal or equitable, in or over any of the following classes of property, which for the purposes of tax form or are deemed to form part of the estate of such person or pass or are deemed to pass on his death, shall, for the purposes of the imposition of tax and for the purposes of the credit to be allowed under Article V, be determined exclusively in accordance with the following rules, but in cases not within such rules the situs of such rights or interests shall be determined for these purposes in accordance with the laws in force in the other contracting State:

(a) Immovable property (otherwise than by way of security) shall be deemed to be situated at the place where such property is located;

(b) Tangible movable property (otherwise than by way of security and other than such property for which specific provision is hereinafter made), bank or currency notes and other forms of currency recognized as legal tender in the place of issue, shall be deemed to be situated at the place where located at the time of death, or, if in transitu, at the place of destination;

(c) Debts (including bills of exchange and promissory notes, whether negotiable or not), secured or unsecured and whether under seal or not, excluding the forms of indebtedness for which specific provision is hereinbefore or hereinafter made, shall be deemed to be situated at the place where the debtor was resident at the time of death, or, if the debtor is a company, at the place where the company is incorporated;

(d) Bank accounts shall be deemed to be situated at the place where the bank or branch thereof, at which the account was kept, is located;

(e) Securities issued by any government, municipality or public authority shall be deemed, if in bearer form, to be situated at the place where located at the time of death and, if inscribed or registered, to be situated at the place where inscribed or registered, as provided by the issuing authority;

(f) Shares, stock, bonds, debentures or debenture stock in a company (including any such property held by a nominee, whether the beneficial ownership is evidenced by scrip certificates or otherwise) shall be deemed to be situated at the place where the company is incorporated;

(g) Moneys, payable under a policy of assurance or insurance, or under an annuity contract, whether under seal or not, shall be deemed to be situated where the policy or annuity contract provides that the moneys shall be payable, or, in the absence of any such provision, at the place of residence of the issuer, or, if a company, at the place where the company is incorporated;

(h) Shares in a partnership shall be deemed to be situated at the place where its business is principally carried on;

(i) Ships and aircraft and shares thereof shall be deemed to be situated at the place of registration of the ship or aircraft;

(j) Goodwill as a trade, business or professional asset shall be deemed to be situated at the place where the trade, business or profession to which it pertains is carried on;

(k) Patents, trade-marks and designs shall be deemed to be situated at the place where they are registered;

(l) Copyright, franchises, and rights or licenses to use any copyrighted material, patent, trade-mark or design shall be deemed to be situated at the place where the rights arising therefrom are exercisable;

(m) Rights or causes of action ex delicto surviving for the benefit of an estate of a deceased person shall be deemed to be situated at the place where such rights or causes of action arose;

(n) Judgment debts shall be deemed to be situated at the place where the judgment is recorded;

provided that this Article shall not be construed as increasing the liability of the estate of any person under the estate tax laws of the United States of America.

ARTICLE III

1. Allowance for debts shall be determined in accordance with the laws of the contracting State imposing the tax.

2. Domicile shall be determined in accordance with the laws in the contracting State imposing the tax on the basis of domicile.

ARTICLE IV

Where one of the contracting States imposes taxes by reason of the property's being situated therein such State shall, if the decedent was domiciled in the other contracting State:

(a) for the purpose of determining the tax rate or rates, take into account only property situated in such State, and

(b) allow as an exemption an amount not less than an amount which bears the same ratio to the specific exemption that would be allowed if such State were imposing the tax by reason of the decedent's being domiciled therein, as the value of the property situated in such State bears to the entire value of the property wherever situated.

ARTICLE V

1. Where either contracting State imposes taxes by reason of a decedent's being domiciled therein or being a citizen thereof, that contracting State shall allow against so much of its taxes (as otherwise computed) as is attributable to property situated in the other contracting State a credit (not exceeding the amount of the taxes so attributable) equal to so much of the taxes imposed by the other contracting State as is attributable to such property.

2. Where each contracting State imposes taxes on any property situated outside both contracting States, each contracting State shall allow against so much of its taxes (as otherwise computed) as is attributable to such property a credit which bears the same proportion to the amount of its taxes so attributable or to the amount of the other contracting State's taxes attributable to the same property, whichever is the less, as the former amount bears to the sum of both amounts.

3. For the purposes of this Article, the amount of the taxes of a contracting State attributable to any property shall be ascertained after taking into account any credit, allowance or relief, or any remission or reduction of taxes, other than the credit authorized by this Article.

ARTICLE VI

1. Any claim for a credit or for a refund of taxes founded on the provisions of the Convention signed on June 8, 1944, or of the present supplementary Convention, shall be made within six years from the date of death of the decedent in respect of whose estate the claim is made, or, in the case of a reversionary interest where payment of taxes is deferred until the date on which the interest falls into possession, within six years from that date.

2. Any such refund shall be made without payment of interest on the amount so refunded.

ARTICLE VII

1. With a view to the prevention of fiscal evasion each of the cotracting States undertakes to furnish to the other contracting State as provided in the succeeding articles of this convention, the information which its competent authorities have at their disposal or are in a position to obtain under its revenue laws in so far as such information may be of use to the authorities of the other contracting State in the assessment of the taxes to which this convention relates.

2. The information to be furnished under this Article, whether in the ordinary course or on request, may be exchanged directly between the competent authorities of the two contracting States.

ARTICLE VIII

1. The Commissioner shall notify the Minister as soon as practicable when the Commissioner ascertains that in the case of:

(a) A decedent, any part of whose estate is subject to the Federal estate tax laws, there is property of such decedent situated in Canada;

(b) A decedent domiciled in Canada, any part of whose estate is subject to the Dominion Succession Duty Act, there is property of such decedent situated in the United States of America.

2. The Minister shall notify the Commissioner as soon as practicable when the Minister ascertains that in the case of:

(a) A decedent, any part of whose estate is subject to the Dominion Succession Duty Act, there is property of such decedent situated in the United States of America;

(b) A decedent domiciled in the United States of America, any part of whose estate is subject to the Federal estate tax laws,

there is property of such decedent situated in Canada.

ARTICLE IX

1. If the Minister deems it necessary to obtain the cooperation of the Commissioner in determination of the succession tax liability of any person, the Commissioner may, upon request, furnish the Minister such information bearing upon the matter as the Commissioner is entitled to obtain under the revenue laws of the United States of America.

2. If the Commissioner deems it necessary to obtain the cooperation of the Minister in the determination of the estate tax liability of any person, the minister may, upon request, furnish the Commissioner such information bearing upon the matter as the Minister is entitled to obtain under the revenue laws of Canada.

ARTICLE X

The competent authorities of the contracting States may:

(a) Prescribe regulations to carry into effect this convention within the respective States and rules with respect to the exchange of information;

(b) If doubt arises, settle questions of interpretation or application of this convention by mutual agreement;

(c) Communicate with each other directly for the purpose of giving effect to the provisions of this convention.

ARTICLE XI

If any fiduciary or beneficiary can show that double taxation has resulted or may result in respect of the taxes to which this convention relates, such fiduciary or beneficiary shall be entitled to lodge a claim or protest with the State citizenship or domicile of such fiduciary or beneficiary, or, if a corporation or other entity, with the State in which created or organized. If the claim or protest should be deemed worthy of consideration, the competent authority of such State may consult with the competent authority of the other State to determine whether the alleged double taxation exists or may occur and if so whether it may be avoided in accordance with the terms of this convention.

ARTICLE XII

The provisions of this convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance accorded by the laws of one of the contracting States in the determination of the tax imposed by such State.

ARTICLE XIII

1. As used in this convention:

(a) The term "Minister" means the Minister of National Revenue of Canada or his duly authorized representative.

(b) The term "Commissioner" means the Commissioner of Internal Revenue of the United States of America, or his duly authorized representative.

(c) The term "competent authority" or "competent authorities" means the Commissioner and the Minister and their duly authorized representatives.

2. When used in a geographical sense:

(a) The term "United States of America" includes only the States, the Territory of Alaska, the Territory of Hawaii, and the District of Columbia.

(b) The term "Canada" means the Provinces, the Territories and Sable Island.

[Article XIV of the original convention signed on June 8, 1944, reads as follows:]

ARTICLE XIV

1. This convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

2. This convention shall be deemed to have come into effect on the 14th day of June 1941. It shall continue in effect for a period of five years from that date and indefinitely after that period, but may be terminated by either of the contracting States at the end of the 5-year period or at any time thereafter provided that at least six months prior notice of termination has been given.

[Article VII of the supplementary convention reads as follows:]

ARTICLE VII

1. The present supplementary convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

2. The present supplementary conventions shall enter into force on the day of the exchange of the instruments of ratification and shall be applicable to estates or successions in the case of persons who die on or after that date, except as otherwise provided in Article VI. It shall continue effective indefinitely as though it were an integral part of the Convention of June 8, 1944, subject to the provisions of Article XIV of that convention with respect to termination.

[The preamble to the convention of June 8, 1944, reads as follows:]

The Government of the United States of America and the Government of Canada, being desirous of avoiding double taxation and of preventing fiscal evasion in the case of estate taxes and succession duties, have decided to conclude a Convention and for that purposes have appointed as their Plenipotentiaries:

Ray Atherton, Ambassador Extraordinary and Plenipotentiary of the United States of America at Ottawa, for the United States of America; and

W. L. Mackenzie King, Secretary of State for External Affairs, and Colin W. G. Gibson, Minister of National Revenue, for Canada.

Who, having communicated to one another their full powers found in good and due form, have agreed upon the following Articles:

[The attestation clause of the convention of June 8, 1944, reads as follows:]

Done in duplicate, at Ottawa, this eighth day of June, 1944.

[SEAL] RAY ATHERTON,
W. L. MACKENZIE KING.
COLIN GIBSON.

PROCLAMATION BY THE PRESIDENT OF THE UNITED STATES, DATED NOVEMBER 29, 1951

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A Proclamation

WHEREAS a convention between the United States of America and Canada modifying and supplementing the convention of June 8, 1944 for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties was signed at Ottawa on June 12, 1950, the original of the said convention of June 12, 1950 being word for word as follows:

The Government of the United States of America and the Government of Canada, being desirous of modifying and supplementing in certain respects the Convention for the avoidance of double taxation and the prevention of fiscal evasion in the case of estate taxes and succession duties, signed at Ottawa on June 8, 1944, have decided to conclude a supplementary Convention for that purpose and have appointed as their respective Plenipotentiaries:

The Government of the United States of America:

Julian F. Harrington, Charge d'Affaires ad interim of the United States of America at Ottawa, and

The Government of Canada:

Douglas Charles Abbott, Minister of Finance in the Government of Canada

who, having communicated to one another their respective full powers, found in good and due form, have agreed as follows:

* * * * *

IN WITNESS WHEREOF the above-named Plenipotentiaries have signed the present Convention and have affixed thereto their respective seals.

DONE in duplicate, at Ottawa this 12th day of June 1950.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

JULIAN F. HARRINGTON

FOR THE GOVERNMENT OF CANADA:
D. C. ABBOTT

AND WHEREAS the Senate of the United States of America, by their resolution of September 17, 1951, two-thirds of the Senators present concurring therein, did advise and consent to the ratification of the aforesaid convention of June 12, 1950;

AND WHEREAS the aforesaid convention of June 12, 1950 was duly ratified by the President of the United States of America on October 18, 1951, in pursuance of the aforesaid advice and consent of the Senate, and the aforesaid convention of June 12, 1950 was duly ratified on the part of Canada;

AND WHEREAS the respective instruments of ratification of the aforesaid convention of June 12, 1950 were duly exchanged at Washington on November 21, 1951, and a protocol of exchange was signed at that place and on that date by the respective Plenipotentiaries of the United States of America and Canada;

AND WHEREAS it is provided in Article VII of the aforesaid convention of June 12, 1950 that the convention shall enter into force on the day of the exchange of instruments of ratification and shall be applicable to estates or successions in the case of persons who die on or after that date, except as otherwise provided in Article VI;

NOW, THEREFORE, be it known that I, Harry S. Truman, President of the United States of America, do hereby proclaim and make public the aforesaid convention of June 12, 1950, to the end that the said convention and each and every article and clause thereof may be observed and fulfilled with good faith by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington this twenty-ninth day of November in [SEAL] the year of our Lord one thousand nine hundred fifty-one and of the Independence of the United States of America the one hundred seventy-sixth.

HARRY S. TRUMAN

By the President:

JAMES E. WEBB,
Acting Secretary of State.

(c) *Authorization of regulations.* Article X (a) of the convention authorizes regulations to be issued by each contracting country to carry the convention into effect and the issuance of rules with respect to the application of Article VII providing for the exchange of information. Paragraphs (a) and (b) of section 7805 of the Internal Revenue Code of 1954 provide as follows:

SEC. 7805. *Rules and regulations*—(a) *Authorization.* Except where such authority

is expressly given by this title to any person other than an officer or employee of the Treasury Department, the Secretary or his delegate shall prescribe all needful rules and regulations for the enforcement of this title, including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue.

(b) *Retroactivity of regulations or rulings.* The Secretary or his delegate may prescribe the extent, if any, to which any ruling or regulation, relating to the internal revenue laws, shall be applied without retroactive effect.

(d) *Internal Revenue Code of 1939.* Any reference in this part to any provision of the Internal Revenue Code of 1954 shall, where applicable, be deemed also to refer to the corresponding provision of the Internal Revenue Code of 1939.

§ 570.102 *Scope of regulations*—(a) *General.* Sections 570.101 to 570.112, inclusive, pertain to the application of the Federal estate tax as modified by the provisions of the amended convention in the case of a decedent who at the time of death was domiciled in either the United States or Canada, or was a citizen of the United States. Sections 570.101 to 570.112 also pertain to related administrative matters and to the furnishing of information by the tax authorities of each country to the tax authorities of the other country which may be useful in the determination and enforcement of the Federal estate tax and the Dominion succession duties (Articles VII to XI, inclusive, of the convention).

(b) *Taxes covered.* The provisions of the convention are restricted to the estate tax imposed by the United States and the succession duty imposed by Canada, and do not comprehend any of the estate, inheritance, legacy and succession taxes imposed by the States, Territories, the District of Columbia, and possessions of the United States or death duties imposed by the Provinces or any other political subdivisions of Canada. (Article I (1) of the convention.)

(c) *Statutory credits not affected.* The credits against the Federal estate tax, authorized by section 2011 of the Internal Revenue Code of 1954 for estate, inheritance, legacy, or succession taxes paid any State, Territory, the District of Columbia, or possession of the United States, by section 2012 for Federal gift taxes, and by section 2013 for tax on prior transfers, are not affected. (Article V (3) of the convention.)

§ 570.103 *Domicile and citizenship*—(a) *Necessity for determination.* Determinations with respect to the decedent's domicile and citizenship at time of death are required for three principal purposes:

(1) To ascertain whether the estate is within the scope of the convention (which is restricted to estates of domiciliaries of the contracting countries and estates of citizens of the United States);

(2) To ascertain the property that may be included in the application of the tax; and

(3) To ascertain the credit authorized by the convention.

(b) *Basis of determination.* Domicile and citizenship shall be determined in accordance with the laws of the contracting country imposing the tax by reason of the decedent's being domiciled therein or a citizen thereof. (Article III (2) of the convention.) Thus, if in a particular case one of the contracting countries asserts tax by reason of the decedent's being domiciled therein, the other contracting country is bound by such determination of domicile to apply the provisions of the convention, and shall not, for instance, in the imposition of its tax on the basis of situs of property disregard the situs rules established by Article II of the convention by contending that the decedent was domiciled in a third country. For the purpose of determining whether the decedent was domiciled in the United States or Canada at the time of death, the United States includes the States thereof, the Territories of Alaska and Hawaii, and the District of Columbia, and Canada includes the Provinces and Territories thereof and Sable Island. (Article XIII (2) of the convention.)

§ 570.104 *Situs of property*—(a) *Necessity for determination.* The determination of the situs of property is necessary for the two following purposes:

(1) To ascertain the property that may be included in the application of the tax where jurisdiction is based upon situs of property within the country; and

(2) To ascertain the credit for death duties authorized by the convention.

Under paragraph (1) of Article V of the convention the country of domicile (or of citizenship in the case of the United States) allows credit with respect to property situated in the other contracting country, and under paragraph (2) thereof with respect to property situated outside both contracting countries.

(b) *Application of rules of situs*—(1) *General.* The convention provides rules of situs for specific classes of property as hereinafter set forth. These rules are applicable only in case the decedent was at the time of death a citizen of the United States or domiciled in either of the contracting countries. The convention also provides that with respect to property not within the described classes, the situs thereof shall be determined in accordance with the laws of Canada if the decedent was domiciled in or a citizen of the United States, or in accordance with the laws of the United States if the decedent was domiciled in Canada. (Article II of the convention.)

(2) *Specific application.* Specific applications of the foregoing principles follow:

(i) If one of the contracting countries taxes on the basis of domicile (or of citizenship in the case of the United States) and the other on the basis of situs of property, the allowance of credit by the former and the imposition of tax by the latter are determined in accordance with the situs rules of the convention with respect to property of the described classes and in accordance with the situs rules under the laws of the latter with respect to any property not within the described classes.

(ii) If the United States taxes on the basis of citizenship or domicile and Canada taxes on the basis of domicile, the allowance of credit by the United States is determined in accordance with the situs rules of the convention with respect to property of the described classes and in accordance with the situs rules under the laws of Canada with respect to any property not within the described classes. The allowance of credit by Canada is determined in accordance with the situs rules of the convention with respect to property of the described classes and in accordance with the situs rules under the laws of the United States with respect to any property not within the described classes.

(c) *Specific rules of situs.* Rules of situs provided by the convention for specific classes of property follow:

(1) *Immovable property.* Immovable property shall be deemed to be situated at the place where the land involved is located. Immovable property comprises real property and leases of real property. The duration of the lease is immaterial. Immovable property does not include mortgages, liens or any right or interest in real or immovable property by way of security. Although for the purpose of this situs rule leaseholds are classed with real property, this provision of the treaty does not purport to extend the scope of the term "real property situated outside the United States" as used in section 2031 and sections 2033 to 2038, inclusive, and sections 2040 and 2041 of the Internal Revenue Code of 1954, whereunder real property (but not a lease of real property) situated outside the United States is excluded from the gross estate. (Article II (a) of the convention.)

(2) *Tangible personal property.* Tangible personal property (referred to in the convention as tangible movable property) except as hereinafter specifically provided with respect to ships and aircraft, shall be deemed to be situated at the place of physical location at the time of the decedent's death, or, if in transitu, at the place of destination. Tangible personal property includes bank notes and other forms of currency recognized as legal tender at the place of issue. (Article II (b) of the convention.)

(3) *Debts.* Debts included as assets of the estate (credits), except as hereinafter provided under specifically described classes, shall be deemed to be situated at the place where the debtor, if an individual, was resident at the time of death; if a partnership, at its principal place of business; or, if a corporation, at its place of incorporation. This rule applies to simple contract debts, bills of exchange and promissory notes, negotiable or not, and in general, to any debt, under seal or not, unsecured or secured, whether by mortgage or otherwise. (Article II (c) of the convention.)

(4) *Bank accounts.* Bank accounts shall be deemed to be situated at the place where the bank, or branch thereof, at which the account is kept at the time of the decedent's death, is located. This rule refers to moneys deposited with a person carrying on the banking business, which deposits are characterized by a debtor-creditor relationship. (Article II (d) of the convention.)

(5) *Government securities.* Securities issued by any government, municipality, or public authority shall be deemed, if in bearer form, to be situated at the place where the certificate is located at the time of death. If the securities are inscribed or registered, they shall be deemed to be situated at the place where inscribed or registered as provided by the issuing authority. (Article II (e) of the convention.)

(6) *Corporate stocks and bonds.* Shares, stock, bonds, debentures or debenture stock in a company shall be deemed to be situated at the place where the company is incorporated. This rule comprehends securities held by a nominee where the beneficial ownership is evidenced by scrip certificates or otherwise. (Article II (f) of the convention.)

(7) *Insurance and annuity contracts.* Moneys payable under a policy of insurance or under an annuity contract, whether under seal or not, shall be deemed to be situated where the policy or annuity contract provides that the moneys shall be payable, or, in the absence of any such provision, at the place of residence of the issuer, or, if a company, at the place where the company is incorporated. (Article II (g) of the convention.)

(8) *Shares in a partnership.* Shares in a partnership shall be deemed to be situated where its business is principally carried on. (Article II (h) of the convention.)

(9) *Ships and aircraft.* Ships and aircraft and shares thereof shall be deemed to be situated at the place of registration of the ship or aircraft. (Article II (i) of the convention.)

(10) *Goodwill.* Goodwill as a trade, business or professional asset shall be deemed to be situated at the place where the trade, business or profession to which it pertains is carried on. (Article II (j) of the convention.)

(11) *Patents, trade-marks and designs.* Patents, trade-marks and designs shall be deemed to be situated at the place where they are registered. (Article II (k) of the convention.)

(12) *Copyrights and licenses to use copyrights, patents, trade-marks and designs.* Copyrights, franchises, and rights or licenses to use any copyrighted material, patent, trade-mark or design shall be deemed to be situated at the place where the rights arising therefrom are exercisable. (Article II (l) of the convention.)

(13) *Actions ex delicto.* Rights or causes of action *ex delicto* surviving for the benefit of the estate of a decedent shall be deemed to be situated at the place where such rights or causes of action arose. (Article II (m) of the convention.)

(14) *Judgment debts.* Judgment debts shall be deemed to be situated at the place where the judgment is recorded. (Article II (n) of the convention.)

(d) *Limitation on application.* Article II is not to be construed as increasing the liability of the estate of any person under the estate tax laws of the United States. Thus, in the case of a decedent who was a citizen of and domiciled only in Canada, if there is property deemed to have situs in the United States under Article II of the convention, but outside the United States in the absence of the convention, the value of the gross estate situated in the United States as determined under the convention may not exceed the amount which would have been otherwise includible. As an example of the application of this rule, assume that the estate of the decedent included a negotiable promissory note in the amount of $20,000, physically located in Canada, the maker of which is an individual residing in the United States, and a judgment for $10,000 obtained against a resident of the United States, recorded in Canada. Under Article II of the convention, the promissory note is deemed situated in the United States and the judgment is deemed situated in Canada. Without the convention, the judgment is deemed situated in the United States and the note is deemed situated in Canada. Consequently, the gross estate situated in the United States as determined under the Federal estate tax laws without regard to the convention amounts to $10,000, and under the convention to $20,000. Under this rule, however, the includible amount is limited to $10,000. (Proviso at end of Article II of the convention.)

(e) *Geographical scope.* For the purpose of determining whether property is situated in either contracting country, the United States includes the States thereof, the Territories of Alaska and Hawaii, and the District of Columbia, and Canada includes the Provinces and Territories thereof and Sable Island. (Article XIII (2) of the convention.)

§ 570.105 *Taxation on basis of domicile or citizenship.* Both the United States and Canada assume jurisdiction for the imposition of tax on the basis of the decedent's domicile within the taxing country. In addition, the United States assumes jurisdiction on the basis of the decedent's citizenship. The application of the tax (the Federal estate tax or the Dominion succession duty as the case may be) in any of the foregoing cases is not affected by the convention, except insofar as credit is authorized under Article V. The convention does not prohibit the subjection to tax in any of the foregoing cases of any property real or personal situated outside the taxing country. However, by section 2031 and sections 2033 to 2038, inclusive, and sections 2040 and 2041 of the Internal Revenue Code of 1954, real property (but not a lease of real property) situated outside the United States is excluded from the gross estate.

§ 570.106 *Taxation on basis of situs of property.* In case jurisdiction to impose tax by one of the contracting countries is based upon situs of property within such country and the decedent was at the time of death domiciled in the other contracting country, the country taxing on the basis of situs shall, for the purpose of determining the tax rate or rates, take into account only property which, in accordance with the provisions of Article II of the convention, is situated in such taxing country. (Article IV (a) of the convention.) This rule shall not be construed to prevent the necessary consideration of property situated outside such taxing country for the ascertainment of the prorated specific exemption prescribed by Article IV (b) of the convention, or the ascertainment of applicable allowances prescribed by statute (for example, section 2106 (a) (1) of the Internal Revenue Code of 1954). In the ascertainment of applicable allowances, the convention expressly provides that the allowance for debts shall be determined in accordance with the laws of the contracting country imposing the tax. (Article III (1) of the convention.) For the purpose of determining what property is situated within the contracting country imposing the tax on the basis of situs, the provisions of § 570.104 are pertinent.

§ 570.107 *Prorated specific exemption.* In the case of the estate of a decedent who at time of death was domiciled in the other contracting country, the contracting country imposing tax solely on the basis of situs of property shall allow a proportion of the specific exemption which would be applicable if the decedent had been domiciled in its territory. The specific exemption in the case of a decedent who was domiciled in the United States is $60,000 under the provisions of section 2052 of the Internal Revenue Code of 1954. The proportion allowable is a fraction of the applicable exemption, the numerator of which is the value of the property situated in the contracting country imposing tax solely on the basis of situs and the denominator of which is the value of the property which would have been subject to its tax had the decedent been domiciled therein. (Article IV (b) of the convention.) The amount of the exemption allowed by the United States shall, in no event, be less than that provided for by statute applicable to estates of decedents not residents or citizens ($2,000 in section 2106 (a) (3) of the Internal Revenue Code of 1954).

Example. The decedent was at time of death (January 1, 1955) a nonresident not a citizen of the United States domiciled in Canada. He left a gross estate (other than real property outside the United States) of $1,000,000 of which $200,000 was situated in the United States. The amount of the specific exemption is

$$\frac{200,000}{1,000,000} \times 60,000 = \$12,000.$$

§ 570.108 *Credit for Dominion succession duty*—(a) *General.* (1) In the case of the estate of a decedent who at time of death was domiciled in or a citizen of the United States, credits are authorized against the Federal estate tax for succession duty paid to the Dominion of Canada with respect to property situated as hereinafter provided and subject to the Federal estate tax. The credits are divided into two categories which will be hereinafter referred to as the primary credit (Article V (1) of the convention) and the secondary credit (Article V (2) of the convention). No credit is allowable for any interest or penalties paid in connection with the Dominion succession duty.

(2) The primary credit is authorized in the case of the estate of a decedent who, at time of death, was domiciled in or a citizen of the United States and who died possessed of property situated in Canada which was subject to tax by both contracting countries, regardless of the jurisdictional basis for taxation invoked by Canada.

(3) The secondary credit is authorized with respect to property deemed to be situated outside of, and subject to tax by both countries, in the case of the estate of a decedent who at time of death was domiciled in or a citizen of the United States and regarded by Canada as domiciled in its territory.

(4) For the purpose of determining the situs of property with respect to which credit is claimed, the situs rules set forth in § 570.104 are pertinent.

(5) If credit against the Federal estate tax with respect to particular property is authorized for Dominion succession duty and also, by statute or by convention, for death tax paid another foreign country, the total of the allowable credits cannot exceed the amount of the Federal estate tax with respect to such property computed before the allowance of credit for any foreign death taxes.

(6) For the relationship between credit authorized by the convention and credit authorized by section 2014 of the Internal Revenue Code of 1954, the regulations issued pursuant to such statutory provisions should be consulted. It may be noted therein that either credit authorized by the convention or credit authorized by the statute is to be allowed, whichever is the more beneficial to the estate.

(b) *Primary credit*—(1) *General.* In the case of the estate of a decedent who at time of death was domiciled in or a citizen of the United States (including the case of the estate of such a decedent regarded by Canada as domiciled in its territory), credit is authorized against the Federal estate tax in the smaller of the following amounts:

(i) The Dominion succession duty attributable to property situated in Canada and subject to tax by both countries; or

(ii) The Federal estate tax attributable to such property.

(2) The amount of Dominion succession duty paid must be converted into United States money as of the date of payment.

(3) *Dominion duty attributable to particular property.* In determining the amount of the Dominion succession duty for which credit may be claimed, separate computations must be made in any case where more than one inheritance is involved. As an example of the determination of the amount of Dominion succession duty attributable to specific property assume that a decedent was domiciled in the United States and that his widow and daughter are the beneficiaries under his will. The decedent owned real property in Canada valued at $100,000, stock of a Canadian corporation valued at $100,000, and stock of a United States corporation valued at $100,000. The estate owed debts of $30,000 which, under the will, were to be equally apportioned. The widow received the real property and one-half of the Canadian stock. The other half of the Canadian stock and the United States stock were bequeathed to the daughter. Under the Dominion Succession Duty Act, tax is computed as follows, all values being expressed in United States money. No credit for Provincial death duties is involved.

Widow's share:	
Real property in Canada	$100,000
Canadian stock	50,000
Total	150,000
Dominion succession duty	25,125
Daughter's share:	
Canadian stock	50,000
Dominion succession duty	6,227.50

The amount of Dominion succession duty attributable to personal property in the widow's share of the succession is

$$\frac{50,000}{150,000} \times 25,125 \text{ or } \$8,375.$$

The entire amount of $6,227.50 paid to Canada on the daughter's share is attributable to personal property.

Canadian tax on personalty in widow's inheritance	$8,375.00
Canadian tax on personalty in daughter's inheritance	6,227.50
Total Canadian tax attributable to included property	14,602.50

(4) *Federal tax attributable to particular property.* (i) The amount of the Federal estate tax attributable to particular property which is subject to tax by both countries and meets the required conditions of situs is a fraction of the Federal estate tax adjusted in an appropriate case in accordance with the principles set forth in subparagraph (5) of this paragraph. Except as indicated in paragraph (c) (2) of this section, relating to the secondary credit, the rules set forth below are applicable in determining the tax attributable to particular property for purposes of both the primary and secondary credits. The term "particular property," as described above, refers, in the case of the primary credit, only to property situated in Canada and, in the case of the secondary credit, only to property situated outside both countries.

(ii) The numerator of the fraction is the value of the particular property described in subdivision (i) of this subparagraph, and the denominator of the fraction is the value of the gross estate for Federal estate tax purposes. The numerator and denominator, or the denominator only as the case may be, must be reduced by an amount which properly reflects the allowance of deductions authorized by applicable provisions of the estate tax statutes. Under the Internal Revenue Code of 1954 in force on the effective date of these regulations, the deductions referred to herein are those authorized by sections 2053, relating to expenses, etc.; 2054, relating to losses; 2055, relating to transfers for charitable, etc., uses; and 2056, relating to bequests, etc., to the surviving spouse. If any such deductions pertain specifically to the property which forms the numerator, both the numerator and the denominator must be reduced by the amount of the deductions (see example (2), subparagraph (6) of this paragraph). If the deductions pertain specifically to property other than that forming the numerator, adjustment to the denominator only is required (see example (3), subparagraph (6) of this paragraph). If any of the deductions are applicable generally, and hence pertain in equal proportions to both the property forming the numerator and to that forming the denominator, no adjustment with respect thereto is required to either the numerator or denominator (see example (1), subparagraph (6) of this paragraph). If, however, any deduction referred to herein (as, for instance, a bequest to a charitable organization or to the surviving spouse, the discharge of a liability of the estate, or the payment of administration expenses) is allowed with respect to the transfer of an interest in, or expenditure of funds derived from, a group of assets which includes both property which is part of the numerator and other property, the numerator is reduced by an amount which bears the same ratio to the allowable deductions as the portion of such numerator which is included in the group of assets bears to the total value of such group. As used in this section, the term "group of assets" has reference to those assets which, under applicable law, are chargeable with the transfers, payments, etc., referred to herein (see example (3), subparagraph (6) of this paragraph). Where the assets so chargeable are insufficient to bear the burden of such transfers, payments, etc., the term "group of assets" shall also have reference to other assets necessarily utilized (see example (4), subparagraph (6) of this paragraph).

(iii) Any reduction described in subdivision (ii) of this subparagraph with respect to the marital deduction must proportionately take into account the limitation on the aggregate amount of the marital deduction contained in section 2056 (c) of the Code, if applicable (see example (2), subparagraph (6) of this paragraph).

(5) Where credit is allowed against the Federal estate tax under applicable provisions of the estate tax statute, the following rules apply.

(i) Where such credits do not pertain to specific property, the total of such credits must be deducted from the gross Federal estate tax before applying to it the proportion prescribed in subparagraph (4) (ii) (see example (5), subparagraph (6) of this paragraph).

(ii) Where any such credit pertains to specific property, the application of the proportion prescribed in subparagraph (4) (ii) of this paragraph to the gross Federal estate tax, as adjusted in subdivision (i) of this subparagraph, shall first be completed. The amount of tax thus found to be attributable to the specific property which meets the required conditions should then be reduced by the amount of such credit pertaining to that property (see example (6), subparagraph (6) of this paragraph).

Under the Internal Revenue Code of 1954 in force on the effective date of

§§ 570.101 to 570.112, credits referred to herein are those authorized by sections 2011 for State death taxes, 2012 for gift taxes, and 2013 for tax on prior transfers.

(6) *Examples of the computation of the primary credit.* All values are expressed in United States money. For purposes of simplicity, it is assumed, in all cases, that no credit against the Canadian duty for Provincial death duties is involved.

Example (1). The decedent died a domiciliary of the United States possessed of stock in a Canadian corporation valued at $100,000 and stock in United States corporations valued at $400,000. Debts, no part of which is payable out of specific property, amount to $50,000. The decedent's daughter was bequeathed $200,000 and his son, $300,000. The Dominion succession duties on Canadian stocks totaled $9,823. The Federal estate tax after credit for State inheritance tax but before any credit for foreign death taxes amounted to $102,100. The Federal estate tax attributable to the Canadian property is

$$\frac{100,000}{500,000}\times 102,100 \text{ or } \$20,420.$$

Since the total of the Canadian duties is smaller than the Federal tax attributable to the Canadian property, the credit is limited to $9,823.

Example (2). The decedent was a citizen of the United States domiciled in Canada. His gross estate consisted of stock of Canadian corporations $150,000, Canadian Government bonds $100,000, and stocks of United States corporations $500,000. There were no debts and administration expenses. He bequeathed to his widow free of all charges and taxes, the $150,000 of Canadian stocks and $350,000 of United States stocks. The residue was bequeathed to his son. The marital deduction is limited to one-half of the adjusted gross estate, or $375,000. The Dominion succession duties attributable to the Canadian property are $77,358.33. The Federal estate tax, after credit for State inheritance tax but before any credit for foreign death taxes amounts to $80,500. The Federal estate tax attributable to the Canadian property is a fraction of $80,500, the numerator of which is the total Canadian property $250,000, adjusted to reflect the allowance of the marital deduction with respect to the Canadian stocks, and the denominator of which is the entire gross estate $750,000, reduced by the amount bequeathed to the widow and allowed as a marital deduction, $375,000, or

$$\frac{250,000-\left(150,000\times\frac{375,000}{500,000}\right)}{750,000-375,000}\times 80,500=\$29,516.67.$$

Inasmuch as the Federal estate tax attributable to the Canadian property is less than the Dominion succession duties attributable thereto, the credit is limited to $29,516.67.

Example (3). The decedent was a citizen and domiciliary of the United States. His estate consisted of stock in Canadian corporations $100,000 Canadian Government bonds $100,000, stocks in United States corporations $400,000, insurance payable to his son in the United States $100,000, and real property in the United States $100,000. The debts (of which $50,000 is a lien against the Canadian stock) and administration expenses amount to $150,000. A charitable organization in the United States was bequeathed, free of all expenses and taxes, the Canadian Government bonds and $150,000 of United States stocks. The residue of the estate was left to the decedent's son. The total gross estate is $800,000 including $200,000 of assets situated in Canada. After deducting the specific debt of $50,000 and the specific charitable bequest of $100,000 of Canadian bonds from the Canadian assets, and the specific charitable bequest of $150,000 of United States stocks and the insurance of $100,000 from the United States assets, there remains available for the payment of the $100,000 of expenses, which are applicable generally, a group of assets totaling $400,000, of which $50,000 is situated in Canada. Accordingly, the general debts chargeable to the Canadian assets amount to

$$\frac{\$50,000}{\$400,000}\times 100,000=\$12,500.$$

The Dominion succession duties amount to $24,604.40. The Federal estate tax, after allowance of State inheritance taxes, but before credit for foreign death taxes, is $87,700. The Federal estate tax attributable to the Canadian property is a fraction of $87,700, the numerator of which is the total Canadian property of $200,000, reduced by the debts, administration expenses, and bequests attributable thereto, and the denominator of which is the total gross estate $800,000, reduced by the total amount allowed for debts, administration expenses, and charitable bequests, or

$$\frac{200,000-(50,000+100,000+12,500)}{800,000-(150,000+250,000)}\times 87,700=\$8,221.88.$$

Inasmuch as the Federal estate tax attributable to the Canadian property is less than the Dominion succession duties imposed thereon, the credit is limited to $8,221.88.

Example (4). The decedent died a citizen and domiciliary of the United States. His gross estate included a revocable trust in favor of his brother, the corpus of which comprised Canadian stocks, $200,000, and United States stocks, $300,000. In addition, the gross estate included United States stocks, $200,000, a bank account of $50,000 in the United States, and real property in the United States held with his brother in joint tenancy with right of survivorship, $100,000. Debts and administration expenses, no part of which was payable out of specific property, amounted to $150,000. The decedent bequeathed $150,000 to a United States charitable organization. Under the terms of the trust, the trustee was empowered to turn over to the executor any amount necessary for the payment of debts, administration expenses, taxes, general legacies, etc., in the event the assets in his hands were insufficient for those purposes. The Canadian stocks were subjected to Dominion succession duties in the amount of $40,480. It should be noted that the legacy to the charity, the debts, and the administration expenses mentioned above, amounted to $300,000 and that only $250,000 of assets were in the hands of the executor. Accordingly, it was necessary to draw on the trust assets to the extent of $50,000. Thus, the portion of the Canadian stocks utilized is

$$\$50,000\times\frac{200,000}{500,000}=\$20,000.$$

The Federal estate tax, after credit for State inheritance tax but before credit for foreign death taxes, amounts to $130,500. The Federal estate tax attributable to the Canadian property is a fraction of $130,500, the numerator of which is $180,000 ($200,000—$20,000), and the denominator of which is the total gross estate $850,000 reduced by the total amount of the allowances for charity, debts, etc., $300,000, or

$$\frac{\$180,000}{\$850,000-\$300,000}\times 130,500=\$42,709.09.$$

Inasmuch as the tax imposed on the Canadian stocks by the Dominion of Canada is smaller than the Federal estate tax attributable thereto, the credit is limited to $40,480.

Example (5). The decedent, a citizen and domiciliary of the United States, died on September 1, 1954. He bequeathed all of his estate consisting of stocks of Canadian corporations, $100,000, and stocks of United States corporations, $400,000, to his son. The Canadian stocks and $100,000 of the United States stocks were received by the decedent from a prior decedent who died January 15, 1952, and whose estate was subjectd to Federal estate tax and Dominion succession duty. Debts, no part of which is payable out of specific property, amount to $50,000. The Dominion succession duty amounts to $6,254. The Federal estate tax after allowance of credit for State inheritance taxes and credit for tax on prior transfers, but before credit for foreign death taxes, amounts to $56,660. The provisions of section 2013 require that credit thereunder be treated as applying generally although, in fact, attributable to specific property. The Federal estate tax attributable to the Canadian property is a fraction of $56,660, the numerator of which is the value of the Canadian property and the denominator the value of the entire gross estate, or

$$\frac{100,000}{500,000}\times 56,660=\$11,332.00.$$

Inasmuch as the Dominion succession duty on the Canadian property is less than the Federal estate tax attributable thereto, the credit is limited to $6,254.00.

Example (6). The decedent was, at time of death, a citizen and domiciliary of the United States. His gross estate consisted of real property in the United States valued at $100,000, tangible personal property situated in the United States, $100,000, stocks of United States corporations, $100,000, stocks of Canadian corporations, $100,000, and real property in Canada valued at $100,000.

The stocks of United States corporations had been the subject of an inter vivos gift by the decedent to his sister two years prior to his death. The gift was held by the United States tax authorities to have been made in contemplation of death. No deduction for debts was claimed. The decedent's sister was sole legatee of the estate. The Dominion succession duty amounted to $55,400, of which $27,700 is attributable to the doubly-taxed stocks. The Federal estate tax, after credit for State inheritance tax but before any credit for gift tax or for foreign death taxes, amounts to $87,700. Credit is allowable, under section 2012 of the Internal Revenue Code of 1954, in the amount of $8,595, for gift tax paid in connection with the gift of stocks. The Federal estate tax attributable to the Canadian stocks is computed as follows:

$$\frac{100,000}{400,000}\times 87,700=\$21,925.$$

Since the gift tax credit is specifically attributable to United States property, it constitutes a deduction against the tax attributable to that property and no adjustment is required to the tax attributable to the Canadian stocks as above computed. Inasmuch as the Federal estate tax attributable to the doubly-taxed Canadian property is less than the Dominion succession duty imposed thereon, the credit is limited to $21,925.

(c) *Secondary credit.* (1) In the case of the estate of a decedent who at the time of death was domiciled in or a citizen of the United States and who was regarded by Canada as being domiciled in its territory, each contracting country will allow against its tax a credit with respect to property subject to tax by both countries and deemed situated outside both countries. The total of the credits

authorized under this paragraph shall be equal to the amount of tax imposed by the country imposing the smaller tax which is attributable to such property and shall be divided between the two countries in proportion to the amount of tax imposed by each which is attributable to such property. (Article V (2) of the convention.)

(2) For the purpose of determining the credit allowable with respect to property deemed situated outside both contracting countries, the term "tax attributable" to property has the same meaning and is to be computed in the same manner and on the same basis as in paragraph (b) of this section, subject to the following adjustment. Where credit is allowed by a contracting country either under its tax statute or under a treaty with a third country, for tax imposed with respect to the same property, the tax attributable to that property as otherwise computed must be reduced by such credit.

(3) Examples of the computation of the secondary credit:

Example (1). The decedent was a citizen of the United States domiciled in Canada. His estate consisted of stocks in Canadian corporations $100,000, stocks in Unitad States corporations $100.000, and tangible personal property physically situated in country X $100,000. Debts and charges, no part of which was attributable to specific property, amounted to $30,000. The entire estate was bequeathed to the decedent's son. The Dominion succession duty amounted to $68,370. The Federal estate tax, after credit for State inheritance tax but before credit for any foreign death taxes, amounted to $50,820. Country X, taxing on the basis of situs of property therein, imposed a tax of $20,000. One-third of the Federal estate tax, $16,940, is attributable to property situated in Canada. A similar amount is attributable to the property situated in country X. Under Article V (1) of the convention the United States allows credit in the amount of $16,940 for tax attributable to the stock of Canadian corporations and Canada allows a similar amount for tax attributable to property situated in the United States. Under section 2014 of the 1954 Code, the United States allows credit in the amount of $16,940 for tax attributable to property situated in country X. Under Article V (2) of the convention, neither the United States nor Canada would allow credit inasmuch as the Federal estate tax attributable to such property is reduced to zero by the allowance of the statutory credit.

Example (2). The facts are the same as in example (1) except that the tangible personal property is situated in country Y which imposes a tax of $10,000 on the basis of situs. Under section 2014 of the 1954 Code, the United States allows credit for the tax of country Y in the amount of $10,000. For the purpose of computing credit under Article V (2) of the convention, the Federal estate tax attributable to the property in country Y is $6,940 ($16,940 minus the credit allowed under section 2014). The Dominion succession duty attributable to that property is one-third of $68,370 or $22,790. The credit allowable by the United States under Article V (2) is computed as follows:

$\frac{6,940}{29,730} \times 6,940$ $1,620.03

the credit allowable by Canada is

$\frac{22,790}{29,730} \times 6,940$ 5,319.97

Total credits allowable 6,940.00

Example (3). The facts are the same as in example (1) except that the tangible personal property is situated in country Z with which Canada has a death duty convention. Country Z imposed a tax of $10,000 on the basis of situs. Under the aforementioned convention, Canada allows a primary credit of $10,000 for tax paid to country Z with respect to tangible personal property situated therein. Under section 2014 of the 1954 Code, the United States allows a primary credit of $10,000 with respect to the same property. For the purpose of computing credit under Article V (2) of the convention, the Dominion succession duty attributable to the property situated in country Z is $12,790 (⅓ of Canadian tax of $68,370 minus credit of $10,000). The United States tax attributable to the same property is $6,940 (⅓ of United States tax of $50,820 minus credit of $10,000). Credit under Article V (2) of the convention is shared by the United States and Canada in the following manner:

By the United States:

$\frac{6,940}{19,730} \times 6,940$ $2,441.14

By Canada:

$\frac{12,790}{19,730} \times 6,940$ 4,498.86

Total credits allowable 6,940.00

(d) If at the time the Federal estate tax return, Form 706, is filed, the Dominion succession duty has not been determined and paid, credit therefor may be entered on the return in an estimated amount. Before credit for the Dominion succession duty is finally allowed, however, a statement certified by an authorized official of the Canadian Department of National Revenue must be submitted. Form 706CE "Certification of Payment of Foreign Death Duty" is provided for this purpose. The certification should show (1) the amount of duty as finally determined by Canada (exclusive of any penalty or interest), (2) the amounts paid and the dates of payment, and (3) a list of the property subjected to Dominion succession duty indicating the nature, location and value of each item. The certification should also show whether the Dominion duty was computed in accordance with the provisions of the convention and whether a claim for refund is contemplated or has been filed. If a claim has been filed, the certification should contain a statement explaining the action taken or to be taken thereon. Where more than one inheritance is involved, information should be submitted with respect to the property comprising each separate inheritance and the duty imposed thereon. The Commissioner may require the submission of any additional proof (as indicated by Form 706CE, or a revision thereof, or as specially requested) deemed necessary to establish the right to credit. If subsequent to the allowance of credit for Dominion succession duty a refund of such duty is made, the person to whom the refund is made is required to notify the Commissioner of such fact and to pay any further Federal estate tax which may result from a reduction in the credit.

§ 570.109 *Claim for credit or refund and interest on refund*—(a) *Limitations on credit or refund.* Credit authorized by § 570.108 and Article V of the convention will be allowed if claimed within six years after the date of the decedent's death.

(1) No overpayment of estate tax due to the allowance of credit or to the application of any other provision of the convention may be refunded after the expiration of a period of six years from the date of the decedent's death unless during that period a claim therefor has been filed, or a petition alleging the right to credit or to other relief under the convention has been filed with The Tax Court of the United States. If a timely petition has been filed with The Tax Court of the United States, no refund shall thereafter be made except as provided in section 6512 of the Internal Revenue Code of 1954 (or corresponding provisions of subsequent statutes).

(2) In the case of a remainder or reversionary interest where payment of taxes is deferred until the date on which the interest falls into possession, the six-year period of limitation referred to above shall begin on that date. This rule applies only to cases where the executor elects to postpone payment of the taxes attributable to the remainder or reversionary interest pursuant to and in accordance with the applicable law of the country concerned. In the case of the United States, sections 6163 (a), 6601 (b) and 7101 of the Internal Revenue Code of 1954 are applicable. In the case of Canada, section 29 of the Dominion Succession Duty Act of 1941, as amended, is applicable (Article VI (1) of the convention.)

(b) *Claims for refund.* A claim for refund should set forth under the penalties of perjury each ground upon which the refund is claimed and facts sufficient to apprise the Commissioner of the exact basis thereof. Any claim for refund which does not comply with the provisions of the preceding sentence will not be considered for any purpose as a valid claim for refund. Claim for refund should be made on Form 843 and filed with the District Director of Internal Revenue for the district in which the estate tax return was filed. A claim for refund, however, will not be considered defective solely by reason of the fact that it is not made on such form or that it is filed with the Commissioner of Internal Revenue.

(c) *Interest on refunds prohibited.* Any refund of estate tax due to the application of any of the provisions of the convention shall be made without interest. (Article VI (2) of the convention.)

§ 570.110 *Competent authorities.* (a) The terms "competent authorities" or "competent authority," as used in the convention means in the case of the United States, the Commissioner of Internal Revenue or his duly authorized representative, and in the case of Canada, the Minister of National Revenue of Canada or his duly authorized representative. (Article XIII (1) (c) of the convention.)

(b) Direct communication between authorities: In cases where doubt arises with respect to the interpretation or application of the convention, the competent authorities may settle such ques-

tions by mutual agreement. For this purpose, and for the purpose of giving effect to any provision of the convention, the competent authorities are authorized to communicate directly with each other. (Article X (b) and (c) of the convention.)

§ 570.111 *Exchange of information*—(a) *General.* In order to prevent evasion and to facilitate administration, the United States and Canada will furnish each other such information as their competent authorities have at their disposal or are in a position to obtain under their respective revenue laws which may be of use in the assessment of the Federal estate tax and Dominion succession duty. (Article VII of the convention.)

(b) *Information to be furnished.* The Commissioner will notify the Minister as soon as practicable when the Commissioner ascertains that there is property situated in Canada in the case of the estate of a decedent who at time of death was domiciled in or a citizen of the United States, and that there is property situated in the United States in the case of the estate of a decedent who at time of death was domiciled in Canada. The Minister will notify the Commissioner as soon as practicable when the Minister ascertains that there is property situated in the United States in the case of the estate of a decedent who at time of death was domiciled in Canada, and that there is property situated in Canada in the case of the estate of a decedent who at time of death was domiciled in or a citizen of the United States. (Article VIII of the convention.) The competent authority of each country will upon specific request also furnish information to the competent authority of the other country relative to Federal estate tax or Dominion succession duty which is available or which may be obtained under the revenue laws of the respective countries. (Article IX of the convention.) If, subsequent to the allowance by one of the contracting countries of a credit authorized by Article V of the convention, a refund of tax is made by the other contracting country, the latter shall promptly advise the former of that fact.

§ 570.112 *Protests by interested persons.* If a fiduciary or beneficiary can show that double taxation has resulted or may result with respect to the Federal estate tax and the Dominion succession duty such fiduciary or beneficiary is entitled to file a protest with the country of which he is a citizen or in which he is domiciled. The competent authority of the country where protest is filed may, at his discretion, consult the competent authority of the other country in order to determine whether the alleged double taxation exists or may occur, and if so, whether it may be avoided in accordance with the convention. (Article XI of the convention.)

[F. R. Doc. 57-6373; Filed, Aug. 2, 1957; 8:50 a. m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 27]

COTTON CLASSIFICATION UNDER COTTON FUTURES LEGISLATION

REPLACEMENT OF UNTENDERABLE COTTON

Notice is hereby given, in accordance with section 4 of the Administrative Procedure Act (5 U. S. C. 1003), that the Agricultural Marketing Service is considering the deletion of § 27.71 of the regulations in 7 CFR Part 27, as amended, pursuant to authority contained in section 4863 of the Internal Revenue Code of 1954 (68A Stat. 582; 26 U. S. C. 4863).

Section 27.71 reads as follows:

§ 27.71 *Replacement of untenderable cotton.* If the determination of a review granted to a receiver of cotton tendered upon a section 4863 contract shows cotton previously classed as tenderable to be actually untenderable, the tenderor shall replace the cotton so found to be untenderable. Such replacement shall be made not later than the expiration of the tenth business day following the date of the issuance of the review certificate, by delivering to the receiver other cotton shown to be tenderable by cotton class certificates complying with this subpart which certificates he shall deliver to the receiver.

The Agricultural Marketing Service proposes to delete the above quoted section and to leave the establishment of requirements and time limits for replacement of untenderable bales to cotton futures exchanges. The rules and by-laws of such exchanges now cover these matters.

Any interested person who wishes to submit written data, views, or arguments concerning the proposed deletion of § 27.71 may do so by filing them with the Director, Cotton Division, Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D. C., not later than 10 days after publication of this notice in the FEDERAL REGISTER.

Done at Washington, D. C., this 31st day of July 1957.

[SEAL] FRANK E. BLOOD,
Acting Deputy Administrator,
Agricultural Marketing Service.

[F. R. Doc. 57-6381; Filed, Aug. 2, 1957; 8:52 a. m.]

[7 CFR Part 911]

[Docket No. AO-262-A3]

MILK IN TEXAS PANHANDLE MARKETING AREA

DECISION WITH RESPECT TO PROPOSED AMENDMENT TO TENTATIVE MARKETING AGREEMENT AND TO ORDER

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held at Amarillo, Texas, on June 12, 1957, pursuant to notice thereof issued on June 5, 1957 (22 F. R. 4055).

Upon the basis of the evidence introduced at the hearing and the record thereof, the Deputy Administrator, Agricultural Marketing Service, on July 16, 1957 (22 F. R. 5776) filed with the Hearing Clerk, United States Department of Agriculture, his recomended decision containing notice of the opportunity to file written exceptions thereto.

The material issues, findings and conclusions, and general findings of the recommended decision (22 F. R. 5776; Doc. 57-5914) are hereby approved and adopted as the material issues, findings and conclusions, and general findings of this decision as if set forth in full herein.

No exceptions to the recommended decision were filed by interested parties during the time provided for the filing of exceptions.

Marketing agreement and order. Annexed hereto and made a part hereof are two documents entitled, respectively, "Marketing Agreement Regulating the Handling of Milk in the Texas Panhandle Marketing Area", and "Order Amending the Order Regulating the Handling of Milk in the Texas Panhandle Marketing Area", which have been decided upon as the detailed and appropriate means of effectuating the foregoing conclusions.

It is hereby ordered, That all of this decision, except the attached marketing agreement, be published in the FEDERAL REGISTER. The regulatory provisions of said marketing agreement are identical with those contained in the order as hereby proposed to be amended by the attached order which will be published with this decision.

Determination of representative period. The month of June 1957 is hereby determined to be the representative period for the purpose of ascertaining whether the issuance of the attached order amending the order regulating the handling of milk in the Texas Panhandle marketing area, is approved or favored by producers, as defined under the terms of the order as hereby proposed to be amended, and who, during such representative period, were engaged in the production of milk for sale within the aforesaid marketing area.

Issued at Washington, D. C., this 30th day of July 1957.

[SEAL] EARL L. BUTZ,
Acting Secretary.

Order[1] *Amending the Order Regulating the Handling of Milk in the Texas Panhandle Marketing Area*

§ 911.0 *Findings and determinations.* The findings and determinations herein-

[1] This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure governing proceedings to formulate marketing agreements and marketing orders have been met.

after set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid order and of the previously issued amendments thereto; and all of the said previous findings and determinations are hereby ratified and affirmed, except insofar as such findings and determinations may be in conflict with the findings and determinations set forth herein.

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreement and to the order regulating the handling of milk in the Texas Panhandle marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk, as determined pursuant to section 2 of the act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and the minimum prices specified in the order as hereby amended, are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and

(3) The said order as hereby amended regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in, a marketing agreement upon which a hearing has been held.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof, the handling of milk in the Texas Panhandle marketing area shall be in conformity to and in compliance with the terms and conditions of the aforesaid order, as hereby amended, and the aforesaid order is hereby amended as follows:

Delete § 911.51 (a) and substitute therefor the following:

(a) *Class I milk price.* The Class I milk price shall be the basic formula price for the preceding month, plus $2.15 during the months of July through February and plus $1.85 during all other months.

[F. R. Doc. 57-6350; Filed, Aug. 2, 1957; 8:45 a. m.]

[7 CFR Part 1005]

[Docket No. AO-272]

MILK IN NORTH CENTRAL IOWA MARKETING AREA

DECISION WITH RESPECT TO PROPOSED MARKETING AGREEMENT AND ORDER

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held at Waterloo, Iowa, on June 20-25, 1955 and August 21-22, 1956, pursuant to notices thereof published in the FEDERAL REGISTER on April 5, 1955 (20 F. R. 2116), April 26, 1955 (20 F. R. 2773), June 9, 1955 (20 F. R. 4025), and July 17, 1956 (21 F. R. 5330), upon a proposed marketing agreement and order regulating the handling of milk in the North Central Iowa marketing area.

Upon the basis of the evidence introduced at the hearing and the record thereof, the Deputy Administrator, Agricultural Marketing Service, on May 27, 1957 (22 F. R. 3800), filed with the Hearing Clerk, United States Department of Agriculture, his recommended decision, containing notice of opportunity to file written exceptions thereto.

The material issues of record related to:

(1) Whether the handling of milk in the market is in the current of interstate commerce or directly burdens, obstructs or affects interstate commerce in milk or its products;

(2) Whether marketing conditions justify the issuance of a marketing agreement or order; and

(3) If an order is issued what its provisions should be with respect to:

(a) The scope of regulation;

(b) The classification of milk;

(c) The level and method of determining class prices;

(d) The method to be used in distributing proceeds to producers; and

(e) Administrative provisions.

Findings and conclusions. Upon the evidence adduced at the hearing and the record thereof, it is hereby found and concluded that:

1. *Character of commerce.* The handling of milk in the proposed marketing area is in the current of interstate commerce and directly burdens, obstructs, or affects interstate commerce in milk and its products.

The marketing area specified in the proposed order, hereinafter referred to as the North Central Iowa marketing area, includes all the territory in Black Hawk County and in the cities of Charles City, Clarion, Clear Lake, Eagle Grove, Fort Dodge, Hampton, Humboldt, Marshalltown, Mason City, New Hampton, Osage, Waverly, and Webster City, all in the State of Iowa. Milk handled in the marketing area moves in many forms back and forth over State lines. The production area from which milk is received by various handlers who distribute milk in the marketing area overlaps State boundaries. Milk from farms of producers in Minnesota is received at plants in Stillwater and Rochester, Minnesota, where it is processed and packaged for distribution to consumers in the marketing area. During those months in recent years when producer deliveries were inadequate for the needs of the market, milk for fluid distribution in the marketing area was purchased by handlers from plants in Minnesota and Wisconsin.

When the supply of producer milk is in excess of local requirements substantial quantities of milk are shipped for fluid use to points as far distant as Texas and Oklahoma. Producer milk for which a fluid market is not available is usually disposed of by handlers who would be regulated by the proposed order to various nearby plants including the Des Moines Cooperative Creamery, Fort Dodge Creamery, Jessup Cooperative Creamery and Hudson Cooperative Creamery, all located in Iowa. These plants manufacture such dairy products as butter, cheese, nonfat dry milk powder, and condensed milk. A substantial portion of such products are moved over a wide area in the stream of interstate commerce.

2. *Need for an order.* Marketing conditions in the North Central Iowa marketing area justify the issuance of a marketing agreement and order.

There is no overall plan whereby farmers supplying milk to this marketing area are assured of payment for their milk in accordance with its use. In some segments of the area there is no procedure whereby farmers may participate in the price determinations necessary for the marketing of their milk which, because of its perishability, must be delivered to the market daily as it is produced. Farmers cannot retain milk on their farms in order to await favorable price conditions. Production of milk for fluid use, under the sanitary requirements prevailing in the marketing area, requires a substantial investment.

A certain amount of reserve milk in excess of the actual trade sales is necessary to assure an adequate supply of milk at all times. Fluctuations brought on by the seasonal nature of milk production, together with a relatively uniform level of consumption, necessitate the disposition of some of the Grade A milk produced for the market into manufacturing channels. This excess milk must be manufactured into butter, cheese and similar products and sold in competition with products from ungraded milk. Milk disposed of to manufacturing outlets returns considerably less than that marketed for fluid use. Consequently, a well defined and uniformly applied plan of use classification and the proper pricing of milk in such uses is necessary to prevent such excess milk from depressing the market price of all Grade A milk. To be successful, the classification of milk in accordance with its use, and the payment to producers on the use basis, requires the full participation of all those engaged in marketing milk in this market.

Orderly marketing of the milk produced for fluid consumption requires a

uniformly dependable method for determining prices according to the use made of the milk. It also requires uniformity of prices according to the use made of milk by each handler, and a means whereby the lower average returns resulting from surplus milk may be shared equitably among producers.

The problems of unstable marketing encountered by producers in the North Central Iowa marketing area are not uncommon in fluid milk markets. The problems which have resulted in unrest and instability in this area are similar to those characteristic of the fluid milk industry in the absence of regulation or well-defined classified pricing plan. A marketing order as herein proposed will promote orderly marketing by assuring producers prices equivalent to those contemplated under the act.

The buying practices of various handlers in the market have caused chaotic conditions and instability in the marketing of milk. Prices paid farmers for milk for fluid use have frequently been below the Class I prices an order would provide. Producers have no means of ascertaining how their milk is utilized at various plants to which they deliver, or whether the basis on which they are being paid will be revised. Payment of surplus prices by handlers for milk which producers believe was needed in the market for fluid consumption is one of the causes of instability and uncertainty in the market.

The method by which milk is priced in the North Central Iowa marketing area tends to create insecurity among producers and has brought about unstable and chaotic marketing conditions. Handlers have utilized the devise of reducing producer pay prices as a convenient method of meeting competition from other handlers and for similar purposes.

Waterloo is the largest city in the area and the distribution of milk from the plants of Waterloo handlers is throughout a substantial portion of the proposed marketing area.

There are four different classifications in which milk sold by the Cedar Valley Cooperative to Waterloo handlers for fluid use is classified and priced. In June 1956, for example, a handler would pay the Cooperative $4.35 per hundredweight for that quantity of milk distributed in those localities where the prevailing retail price was 21 cents per quart. Such milk would be classified as Class I. Milk distributed in the "20-cent markets" would be classified in Class I–A and be priced at $4.05. The Class I–B price of $3.75 would be applicable to milk sold in a 19-cent sales area and milk sold in the 18-cent market would be designated Class I–C and priced at $3.45. Accordingly, the prices paid to a producer for fluid milk distributed from the same plant could vary by as much as $1.10 per hundredweight, the difference between the Class I and Class I–C prices.

For the 12 months through June 1956 the quantities of milk sold by the Cedar Valley Cooperative to handlers in Classes I, I–A, I–B, and I–C were 6.0, 35.9, 13.1, and 11.5 million pounds, respectively. During the first 10 months of this period there were no sales in Class I and during the last 3 months of the same period there were no sales in Class I–C. A fifth fluid milk class of the Cedar Valley Cooperative is represented by those sales for fluid use to outside markets such as those made by the Cooperative to handlers in Texas. Detailed data with respect to the quantities of milk in this classification and the prices paid therefor were not submitted at the hearing.

In another part of the marketing area, at Fort Dodge, a handler reduces his Class I price to producers by 45 cents on that milk sold by him in areas wherein he competes with ungraded milk. A multiple Class I pricing arrangement patterned after that used in Waterloo is employed by Mason City handlers in paying for producer milk. The reduced Class I price which results from the multiple Class I pricing scheme is reflected quite generally in producer prices throughout the area. Representative of this is the Marshalltown market where the Class I prices paid by Waterloo handlers is one of the factors utilized each month in calculating the negotiated Class I price for that market. A relatively recent occasion for a reduction of 23 cents in the Class I prices (Class I through Class I–C) paid by Waterloo handlers was the increased labor cost which handlers claimed would accrue to them because of the new contract negotiated with labor unions. One of the principal reasons used by handlers in justification of their Class I pricing arrangements is that such arrangements are necessary in order for them to compete with other handlers in the process of expanding their sales into communities not previously served or to meet competition from handlers coming into markets now served by them.

In the Waterloo market in March 1953, Classes I, I–A, I–B, and I–C prices were $4.95, $4.60, $4.15, and $3.85, respectively. Since that time the Class I prices have deteriorated significantly. When the retail price of milk in Waterloo declined about 3 cents per quart from January to March 1955, the price paid to the Cooperative for such milk, as it was reclassified from Class I to Class I–C, dropped from $4.58 to $3.48. For the period September 1955 through April 1956 the highest price paid by Waterloo handlers for milk for fluid use was $4.05 for Class I–A. (No milk was classified in Class I during this period.) Handlers attributed the need for reducing the Waterloo Class I price to the fact that the Maquoketa Valley Cooperative of Arlington, Iowa, was distributing milk in the marketing area at reduced prices. Packaged milk from this latter plant was first distributed in the Waterloo area in January 1955 and discontinued in the fall of the same year. However, some several months elapsed after distribution from the Maquoketa plant in the Waterloo area was discontinued before handlers restored producer pay prices to a basis similar to that which prevailed before milk from that plant was distributed in the market.

It was claimed by handlers that instability was caused by the Maquoketa Valley milk coming into the market and, since this is no longer a factor, there is now no need for an order. In this regard, producers argued that they have no assurance that this, or a similar situation, will not recur at any time.

The multiple Class I pricing system as it exists in Waterloo and in other parts of the marketing area tends to depress prices paid by handlers to producers throughout the entire marketing area. The conditions which made possible the reduction of producer prices would not have existed under an order. With the minimum class prices an order would provide, any reduction in a handler's price to meet competition, or for a similar purpose, could not be passed on in the form of lower prices to producers.

Since no complete systematic verification is made of the way milk is utilized, payment to a producer at the excess, or surplus price, for any of his milk does not indicate that such milk was not used for fluid purposes. It was testified that arbitrary methods have been used in some instances in arriving at the percentages of milk to be paid for at the base and excess prices. Some handlers deal with their producers on an individual basis so that it is difficult for producers to ascertain the overall basis used in determining the rate of payment for their deliveries.

The conditions complained of by producers, and herein cited, with regard to the unstable marketing conditions are not peculiar to one or several localities in the marketing area, but apply throughout the area. Moreover, those handlers who would be regulated by the attached order compete with one another throughout substantial portions of the proposed marketing area.

There is a lack of detailed market information relative to the procurement of milk for and disposition of milk throughout the marketing area. Such information is essential to the effectuation of orderly marketing. Some data on receipts and utilization of milk for fluid and manufacturing uses were made available for the hearing by various handlers and cooperative associations. This information is incomplete with regard to the overall receipts and utilization of milk and milk products in the area. The institution of regulation would provide the basis for complete information on receipts of milk from producers and its utilization.

It is concluded that the issuance of a marketing agreement and order for the North Central Iowa marketing area would contribute substantially to the improvement of many of the conditions complained of and would tend to effectuate the declared policy of the act. The adoption of a classified price plan based on the audited utilization of handlers will provide a uniform system of minimum prices to handlers for milk purchased from producers and a fair division among all producers of the proceeds from the sale of their milk. The procedures required by the Agricultural Marketing Agreement Act will afford all interested parties the opportunity to take part in determining, through public hearings, what the various order provisions should be.

3. (a) *Scope of regulation.* It is necessary to designate clearly what milk and what persons would be subject to the various provisions of the order. This can best be done by providing definitions which set forth the categories of persons, plants and milk products for purposes of classification of milk and of application of other provisions of the order.

Marketing area. The marketing area should include all the territory within the boundaries of Black Hawk County and cities of Charles City, Clarion, Clear Lake, Eagle Grove, Fort Dodge, Hampton, Humboldt, Marshalltown, Mason City, New Hampton, Osage, Waverly and Webster City, all in the State of Iowa.

Grade A milk products sold for fluid consumption throughout the proposed area must be approved by health authorities who are governed by health ordinances, practices and procedures patterned after the United States Public Health Milk Ordinance and Code. Movements of milk both in bulk and packaged form between various localities in the marketing area take place through reciprocal approval of the respective health authorities. Ratings by the United States Public Health Service are recognized as a basis for approval of outside sources of milk. The degree of similarity of minimum health standards throughout the area justifies uniform regulation for milk marketed throughout the area.

According to the 1950 census, the population contained in the territory proposed to be regulated is approximately 225,000. The greatest population density is in Black Hawk County (population: 100,400). Waterloo, the principal city in the marketing area with a population of 65.2 thousand, and the city of Cedar Falls comprise about 80 percent of population in Black Hawk County. Of the other designated territory in the marketing area the size of the communities, as indicated by population, range from between three and four thousand in each of the cities of Clarion, Humboldt, North Hampton, and Osage, to 25,000 and 28,000, respectively, in Fort Dodge and Mason City.

Waterloo is the principal location at which milk is received from producers for processing and packaging for distribution throughout the marketing area. Extensive distribution in many communities in the marketing area is also made from processing plants with sizable operations located in Marshalltown, Mason City, Charles City, and Fort Dodge.

Although Black Hawk County and the 13 cities comprising the marketing area are not contiguous, the distance between these various localities is not great and there is competition throughout the area by handlers who would be regulated by the proposed order. At least one handler distributes milk on routes throughout the entire area and competes with practically all of the handlers who would be regulated by the proposed order. Although this handler's principal distribution is from his Waterloo plant, he also maintains a substantial operation in Mason City at which plant milk is received from producers and distributed in the marketing area. There is no handler in any part of the proposed marketing area who is not in competition with some other handler who would be regulated by the proposed order.

It is estimated that 1,035 producers deliver milk to approximately 30 handlers who distribute some milk in the marketing area. The largest group of producers, 390, is made up of members of the Cedar Valley Cooperative, which organization supplies Waterloo and Cedar Falls handlers. Marshalltown handlers are supplied by the 154 producer-members of the Marshalltown Milk Dealers' Cooperative. Other organized producer groups in the marketing area are the North Iowa Cooperative Milk Marketing Association (Mason City), Charles City Milk Producers' Association, and the W. H. C. Cooperative Milk Producers Association (Fort Dodge) with 76, 33, and 31 members, respectively. Marigold Dairies of Rochester, Minnesota, and Lee Foods Company of Stillwater, Minnesota, although they receive Grade A milk from 160 and 200 Grade A producers, respectively, distribute but a relatively small portion of such producer receipts in the proposed marketing area.

The marketing area which was proposed by producer organizations would include the counties of Boone, Bremer, Black Hawk, Cerro Gordo, Floyd, Marshall, Story and Webster and the Cities of Clarion, Eagle Grove, Hampton, Humboldt, New Hampton, Osage, Tama, Toledo, Traer, and Webster City.

With respect to various cities in the recommended marketing area, it was suggested that the entire county in which each city is located be included in the marketing area definition. Except for Black Hawk County, the counties in which the cities making up the recommended marketing area are located are predominantly rural. Distribution of handlers who would be regulated by the proposed order is principally in and from these cities. It would not be practicable to define the marketing area other than in terms of these urban geographic units which are the primary sales areas of handlers who would be regulated by the proposed order.

It was not shown on the record that the inclusion of Boone and Story Counties in the marketing area is necessary to effectuate orderly marketing for the North Central Iowa marketing area at this time. The southern boundaries of Boone and Story Counties, of which the principal cities are Boone and Ames, are about 20 miles from the city of Des Moines. Ames, which is approximately 35 miles east of Marshalltown, is nearer to any point in the proposed marketing area than any other significant population center in these two counties. A relatively small part of the milk distributed in Boone and Story Counties originates in the proposed marketing area. Other than milk bottled locally, most of the milk distribution in the two counties is from the plants of Des Moines handlers. Moreover, little, if any, milk from handlers' plants in Boone and Story Counties is distributed in the proposed marketing area.

The cities of Tama, Toledo, and Traer, all of which are located within 30 miles of Marshalltown, were considered for inclusion in the marketing area. Although there is some Grade A milk distribution in these cities from plants in Marshalltown and Cedar Rapids, they do not have Grade A ordinances. Moreover, no additional distributors would be brought under regulation if these cities were included in the marketing area. In urging inclusion of these small cities in the marketing area, producers did not show that any justifiable purpose would be served thereby. Accordingly, the cities of Tama, Toledo, and Traer should not be included in the marketing area.

Handlers stated that the marketing area proposed by producers was not large enough in that it did not include various places wherein milk from their plants is distributed and therefore would not regulate some handlers with whom they compete. As proposed by one handler, an appropriate marketing area for the North Central Iowa order would be that which included the major population centers of an area containing approximately 35 of the 99 counties in the State of Iowa, a geographic area of more than 20,000 square miles. The volume of milk sold in localities outside the marketing area from pool plants as defined under the proposed order is not in itself justification for the inclusion of such localities in the marketing area. Neither are marketing conditions in these localities such that their exclusion would be inappropriate or unjustified at this time.

It is neither administratively feasible nor necessary to include all territory in the marketing area in which handlers to be regulated distribute milk. Furthermore, it would not be possible to designate a marketing area of reasonable size which would include all sales outlets of each and every handler that would be subject to regulation. As additional territory would be added, the problems associated with the extension of regulation to distributors that made a substantial portion of their fluid milk sales outside the marketing area would be increased many fold. By providing for a marketing area as proposed herein, regulation is at a minimum for milk distributors with a large proportion of their sales outside the marketing area and their operations will not be unduly disturbed with respect to the major portion of their sales in communities wherein they compete with other distributors who would not be regulated at all by the proposed order.

In the course of the operation of an order the question may arise whether any territory within the boundaries of the designated marketing area which is occupied by government (Municipal, State or Federal) reservations, installations, institutions, or other establishments shall be considered as within the marketing area. No proposal was made to exempt sales by a handler in any territory or to any agency from the provisions of the order and no evidence was presented at the hearing which would justify such exemption. However,

so that there will be no doubt as to the meaning of the intent of the application of the marketing area definition in the proposed order, it should be indicated that the designated county and cities in the recommended North Central Iowa marketing area shall include territory within such boundaries which is occupied by government (Municipal, State, or Federal) reservations, installations, institutions, or other establishments.

Definition of plants. The minimum class prices of the order should apply to that milk eligible for distribution as Grade A milk in the marketing area which is received from dairy farmers at plants primarily engaged in supplying fluid milk products for sale on retail and wholesale routes in the marketing area. Such plants would be defined as "pool plants."

Determining which plants shall be pool plants under the order, and thereby subject to regulation, requires that definitive standards be prescribed. Such standards should be clearly set forth in the order and apply uniformly to all plants, wherever located. Pool plant status should not be determined solely on an occasional shipment of milk to the market or on approval by a specified health authority. Such a method for determining which plants shall be subject to regulation would not provide a workable basis for administering an order for the North Central Iowa marketing area. In order to effectuate the intent of the act, it is concluded that pool plant status under the order should be determined on the basis of specified performance standards.

Some plants may make only limited or occasional deliveries of milk in the marketing area. Such plants are not considered as being associated with, or being a regular part of the supply for, the marketing area. This is indicated when sales in the marketing area from any of such plants are but a small percentage of its total Class I disposition or such sales are but a relatively small quantity of milk. Such plants compete primarily with unregulated handlers in procurement of milk supplies and in the disposition of such milk. These plants do not represent a threat to the stability of the regulated market since any such plant in the future which might expand its sales in the marketing area beyond the exemption provided in the order would immediately become fully regulated as a pool plant under the order.

Because of the differences in marketing practices between distributing plants and supply plants, two sets of performance standards should be provided. A "distributing plant" under the order should be defined as a plant in which milk is processed or packaged and from which any fluid milk product (as hereinafter defined) is disposed of during the month on routes (including routes operated by vendors) or through plant stores to retail or wholesale outlets (except other plants) located in the marketing area. "Supply plant" should be defined to mean a plant (except a distributing plant) from which milk, skim milk or cream which is acceptable to the appropriate health authority for distribution in the marketing area under a Grade A label is shipped during the month to a distributing plant which is a pool plant.

A distributing plant would be designated as a pool plant in any month when it distributes on retail or wholesale routes to outlets in the marketing area a volume of Class I milk equal to an average of more than 1,000 pounds per day or more than 15 percent of its milk from producers and other pool plants.

Supply plants should be pool plants under certain circumstances. A supply plant from which shipments of milk, skim milk and cream to distributing plants which are pool plants are made on not less than 10 days in any of the months of September, October, and November and on not less than 5 days in any other month should be a pool plant for such month. However, a supply plant which was not a pool plant in each of the preceding months of September, October and November should not be a pool plant in other months unless during such other months some of the milk, skim milk, or cream from such plant was allocated to Class I milk at a distributing plant which is a pool plant.

It would be inappropriate to extend regulation to any milk plant from which only minor quantities of milk are distributed in the marketing area. Such plants are selling primarily in competition with milk of unregulated handlers outside the marketing area. Regulation of such plants might place them in an uneconomic and unfavorable position with respect to sales outside the marketing area. So long as the limits as to sales such a plant may make in the marketing area are kept relatively low, the volume of unpriced milk in the market would not be significant as an unstabilizing force in the market.

Any plant from which Class I milk is distributed in the marketing area, but which does not distribute enough milk to be designated a pool plant, should be required to file reports and submit to audits by the market administrator to verify the status of such plant.

During some months of the year distributing plants receive supplemental supplies of milk from the supply plants. If a supply plant is associated with the market as a regular part of its supply it may reasonably be expected that milk from such plant will be shipped to distributing plants which are pool plants on at least 10 days in each of the three months of lowest production. A supply plant in this category should be included within the definition of a pool plant in any other month during which milk, skim milk, or cream is moved on at least 5 days to a distributing plant which is a pool plant.

In the case of supply plants which are not part of the regular and dependable supply for the market in the fall months of low production, a different standard should be used. Such plants normally provide a supplemental milk to distributing plants in various other sales areas and their shipments to the North Central Iowa area for Class I use are primarily on an opportunity basis and of a seasonal nature. To the extent that these plants make only limited shipments at irregular intervals in the low production months of September, October and November, they need not be brought under regulation. The fact that such milk will not be priced in such months would not represent a threat to the stability of the regulated market. In any other month, however, such a plant should be defined as a pool plant when shipments are made on at least 5 days in the month to distributing plants which are pool plants, unless none of the milk, skim milk and cream thus moved was allocated to Class I milk at the distributing plants.

Provision should be made in the order regarding its application to milk that is disposed of in the marketing area from plants which are subject to the classification, pricing, and pooling provisions of other Federal milk marketing orders. It is not necessary to extend regulation under this order to such plants from which the principal disposition is in other areas and which are subject to regulation by other orders. To do so would subject such plants to duplicate regulation. However, in order that the market administrator may be fully apprised of the continuing status of such a plant, the operator thereof should, with respect to the total receipts and utilization or disposition of skim milk and butterfat at the plant, make reports to the market administrator at such time and in such manner as the market administrator may require and allow verification of such reports by the market administrator.

Handler. Handler should be defined as any person in his capacity as the operator of one or more distributing or supply plants. A handler is the person who receives milk from producers and who is responsible for reporting receipts and utilization of milk and making payment therefor. In case a person operates more than one pool plant, he should be a handler with respect to the combined operations of such plants. If the handler operates a plant not associated with the regulated market, he would not be a handler with respect to such plant. Producer-handlers and operators of distributing plants and supply plants which do not qualify as pool plants should be considered handlers in order to require such persons to report to the market administrator as is needed to determine their status.

Producer. Producer should be defined as any person, other than a producer-handler, who produces milk in compliance with Grade A inspection requirements of a duly constituted health authority and such milk is received at a pool plant.

When producer milk is not needed in the market for Class I purposes, the movement of such milk to nonpool plants for manufacturing purposes should be facilitated. Allowing for unlimited diversion during those months when reserve supplies of milk are heaviest will contribute to this end. Unlimited diversion is neither necessary nor desirable during the other months of the year when milk of producers regularly associated with the market is needed to sup-

ply the Class I needs of the market. It is necessary, however, to provide for limited diversion during such months to enable handlers to divert producer milk on such occasions as weekends or holidays when the milk is not needed in the market for Class I purposes.

Provision should be made so that the milk of producers regularly received at a pool plant may be diverted for the account of a handler to a nonpool plant any day during the flush production months and on not more than one-half the days on which milk was delivered from a farm during any other months and still retain producer milk status under the order. Diverted milk shall be deemed to have been received at the plant from which it was diverted.

Producer-handler. Producer-handler should be defined as any person who operates a dairy farm and a distributing plant but who, during the month, receives no milk from other dairy farmers. The order is not intended to establish minimum prices for such operators, but they should be required to make reports to the market administrator. Such reports are necessary to make a determination as to whether the operator is a producer-handler and to facilitate accounting with respect to transfer of milk from other handlers.

Classification provisions of the proposed order should provide that any milk, skim milk, or cream transferred by a handler to a producer-handler will be Class I milk. Any supplemental supplies of milk which may be obtained from other handlers may, by virtue of the type of operation involved, be presumed to be needed by the producer-handler for fluid use and should be classified in the supplying handler's plant as Class I milk. A producer-handler may receive milk from other handlers and still maintain his status as a producer-handler. Pursuant to the proposed order, any milk which a handler receives from a producer-handler would be other source milk and would, therefore, be allocated to the lowest class utilization at the pool plant(s) of a handler after the allocation of shrinkage on producer milk. Milk disposed of to another handler by a producer-handler would normally be surplus to the operation of the producer-handler.

Fluid milk product. Fluid milk product should be defined as milk, skim milk, buttermilk, milk drinks, cream, or any mixture in fluid form of skim milk and cream (except aerated cream products, yogurt, ice cream mix, evaporated or condensed milk, and sterilized products packaged in hermetically sealed containers). The items designated as fluid milk products pursuant to this definition are those products which when disposed of by handlers are considered as Class I milk.

Other source milk. Other source milk should be defined as all skim milk and butterfat contained in fluid milk products utilized by the handler in his operations except milk received from producers, fluid milk products received from other pool plants, and inventory at the beginning of the month. Thus, other source milk would represent skim milk and butterfat which is not subject during the month to the pricing provisions of this order. It will include all milk products from plants other than pool plants and all manufactured dairy products from any source which are reprocessed or converted into another product during the month. It will include those manufactured products from a plant's own production which are reprocessed or converted into another product during the same or a later month.

(b) *Classification of milk.* Milk and milk products received by handlers should be classified on the basis of skim milk and butterfat according to the form in which, or the purpose for which, such skim milk and butterfat was used or disposed of as either Class I milk or Class II milk.

Under an order, only producer milk is priced. Milk is received, however, at pool plants directly from producers, from other handlers and from other sources. Milk from all of these sources is intermingled in handlers' plants. It is necessary, therefore to classify all receipts of milk to afford a means to establish the classification of producer milk and apply the classified price plan.

The products which should be included in Class I milk are those generally required by health authorities in the marketing area to be obtained from milk or milk products from approved "Grade A" sources. The extra cost of getting quality milk produced and delivered to the market in the condition and quantities required makes it necessary to provide a price for milk used in Class I products somewhat above the ungraded or manufacturing milk price. This higher price should be at such a level it will yield a blend price to producers that will encourage production of enough milk to meet market needs.

Excess milk not needed seasonally or at other times for Class I use must be disposed of for manufacturing products. These products are less perishable and must be sold in competition with products made from ungraded milk. Milk so used should be classified as Class II milk and priced in accordance with its value in such outlets.

In accordance with these standards, Class I milk should comprise all skim milk (including concentrated and reconstituted skim milk) and butterfat disposed of in the form of milk, skim milk, buttermilk, milk drinks (plain or flavored), cream and any mixture in fluid form of skim milk and cream (except aerated cream products, yogurt, ice cream mixes, evaporated or condensed milk, and sterilized products packaged in hermetically sealed containers); and skim milk and butterfat not accounted for as Class II milk.

Class I products which contain concentrated skim milk solids such as skim milk drinks to which extra solids have been added or concentrated whole milk disposed of for fluid use, would be included under the Class I milk definition. Products such as evaporated or condensed milk packaged in bulk or in hermetically sealed cans would not be considered as concentrated milk.

All skim milk and butterfat used to produce products other than those classified in Class I milk should be Class II milk. Included as Class II milk are products such as ice cream, ice cream mix and other frozen desserts and mixes; aerated cream products and yogurt; butter, cheese, including cottage cheese, evaporated and condensed milk (plain and sweetened); nonfat dry milk solids; dry whole milk, condensed or dry buttermilk; and any other products not specified as Class I milk. The health ordinances applicable in the marketing area do not require that these products be made from approved milk.

Handlers have inventories of milk and milk products at the beginning and end of each month which enter into the accounting for current receipts and utilization. The accounting procedure will be facilitated by providing that month-end inventories of all fluid milk products be classified in Class II milk, regardless of whether such products are held in bulk or in packages. Inventories of such products on hand will then be subtracted under the proposed allocation procedure from any available Class II milk in the following month. The higher use value of any fluid milk products in inventory which are allocated to Class I milk in the following month should be reflected in returns to producers. The mechanics of the attached order provide for the reclassification of inventories on that basis.

Inventories of products designated as Class I milk on hand at a pool plant at the beginning of any month during which such plant becomes a pool plant for the first time should likewise be allocated to any available Class II utilization of the plant during the month. This will preserve the priority of assignment of current producer receipts to current Class I use.

Shrinkage should be determined by subtracting from the total pounds of skim milk and butterfat received by the handler his total established utilization of skim milk and butterfat, respectively. Shrinkage not in excess of 2 percent of the handler's receipts of producer and other source milk should be prorated between producer and other source milk on the basis of the pounds received from each source. None of the shrinkage should be assigned to milk received from other pool plants because shrinkage on such milk will be allowed to the transferring handler. A plant which is operated in a reasonably efficient manner, and for which complete and accurate records of receipts and utilization are maintained, should have total shrinkage of less than 2 percent of total receipts. It is concluded that shrinkage which is not more than 2 percent of total receipts of producer and other source milk should be classified as Class II milk and any shrinkage in excess of this quantity should be classified as Class I milk.

Skim milk and butterfat are not used in most products in the same proportions as contained in the milk received from producers, and therefore should be classified separately according to their separate uses. The skim milk and butterfat content of milk products received and disposed of by a handler, can be determined through certain testing procedures. Some of these products, such as ice cream and condensed products, present a difficult problem of testing in

that some of the water contained in the milk has been removed. It is desirable, in the case of such products, to provide an acceptable means of ascertaining the amount of skim milk and butterfat contained in, or used to produce, these products. This may be accomplished through the use of adequate plant records made available to the market administrator or by means of standard conversion factors of skim milk and butterfat used to produce such products. The accounting procedure to be used in the case of any concentrated milk product such as condensed milk or nonfat dry milk solids should be based on the pounds of milk or skim milk required to produce such product.

Butterfat and skim milk used to produce Class II products should be considered to be disposed of when so used. Handlers will need to maintain stock records on such products, however, to permit audit of their utilization records by the market administrator. Class II products from any source used in the production of any product including products in Class I milk should be considered to be a receipt of other source milk. This will maintain priority of assignment of current receipts of producer milk to Class I utilization.

Each handler must be held responsible for a full accounting of all his receipts of skim milk or butterfat in any form. A handler who first receives milk from producers should be responsible for establishing the classification of, and making payment to producers for, such milk. Fixing responsibility in this manner is a practice which is consistently followed in regulated markets and is necessary to effectively administer the provisions of the order. The operator of a plant at which milk is first received from producers is the person with whom contractual relations have been made by producers or their representatives. It would be unreasonable to expect producers to look elsewhere for payment for their deliveries. Moreover, producers would be without adequate protection if the order did not prescribe specifically which handler shall be responsible for the classification and payment of their milk. Except for such limited quantities of shrinkage, which under certain conditions (as set forth elsewhere in this decision) may be classified in Class II, all skim milk and butterfat which is received and for which the handler cannot establish utilization should be classified as Class I milk. This provision is necessary to remove any advantage to handlers who fail to keep complete and accurate records and to assure that producers receive full value for their milk on the basis of its use. It is necessary to place the burden of proof on the handler to establish the utilization of any milk as other than Class I.

Transfers. Classification of butterfat and skim milk used in the production of Class II milk items should be considered to have been established when the product is made. Classification of Class I milk should be established when the butterfat or skim milk is disposed of. However, some Class I items may be disposed of to other plants for Class II use. Classification of any product so transferred to another plant should, under certain circumstances, be determined according to its utilization in the plant to which transferred.

Milk, skim milk, cream, or other fluid milk products transferred by a handler to the pool plant of another handler, except that of a producer-handler, should be classified as Class I milk unless both handlers indicate in their reports to the market administrator that they desire such milk to be classified as Class II milk. However, sufficient Class II utilization must be available at the transferee-plant for such assignment after prior allocation of shrinkage and other source milk. Moreover, if either or both handlers had received other source milk during the month, the skim milk or butterfat in fluid milk products involved in such transfer should be classified at both plants so as to allocate the greatest possible Class I utilization to the producer milk of both handlers.

Milk, skim milk, and cream disposed of to a nonpool plant, including milk which is diverted (sent directly to the nonpool plant from the producer's farm) should be classified as Class I milk, unless certain conditions are met. The operator of the nonpool plant, if requested, must make his books and records available to the market administrator for the purpose of verifying the receipt and utilization of milk in such nonpool plant. Provision for verification by the market administrator is reasonable and necessary to effectuate the classification procedure and assure that producer milk will be paid for in accordance with its utilization. In order to classify such diversions as Class II milk the fluid milk products disposed of from the receiving nonpool plant should not exceed the receipts of skim milk and butterfat in milk received during the month from dairy farmers directly supplying such plant. This recognizes the principle that the regular and dependable supply of milk for a market should have prior claim to the milk for distribution in such market and, at the same time, assures that producer milk which is diverted for Class I use will be paid for accordingly. The provision for classifying milk, skim milk or cream as Class II milk should not be extended to include milk transferred or diverted to nonpool plants located more than 150 miles from the nearest of the city halls of Waterloo, Mason City, Fort Dodge and Marshalltown. The area thus described is adequate to dispose of reserve milk for Class II uses. Fluid milk products moving greater distances are normally for Class I use.

When milk or skim milk in bulk has been transferred or diverted to a nonpool plant located not more than 150 miles from Waterloo, Mason City, Fort Dodge, and Marshalltown, the market administrator is required to verify the utilization claimed by such nonpool plant. It may reasonably be expected that the market administrator will be able to make such verification within such "surplus disposal area" without incurring undue expense. It would not, however, be administratively feasible or otherwise justifiable to have a surplus disposal area of unlimited expanse or to cover a geographical area which is larger than that provided herein. Making such provision might well tend to make unreasonable demands on the market administrator in connection with the verification of occasional or irregular shipments to nonpool plants located beyond the area wherein North Central Iowa handlers normally dispose of reserve supplies of milk for Class II purposes.

As stated elsewhere in this decision, any fluid milk product transferred to a producer-handler should be classified in Class I and should not be subject to reclassification.

Allocation. The order class prices apply only to producer milk. It is necessary, therefore, if a plant has butterfat or skim milk other than that received in milk from producers, to determine the quantities of milk in each class to be assigned to producers. It is recognized that some supplemental milk may be needed when supplies are short in the North Central Iowa market.

Other source milk from unregulated sources should be assigned to Class II milk first. The plants supplying such milk may not have purchased such milk from dairy farmers on a classification and use basis and it is not feasible to determine this or other conditions of sale. There is no assurance that such milk would not be used to displace producer milk in Class I to the advantage of the purchasing handler.

The milk of producers who are primarily engaged in supplying the North Central Iowa market, however, should be given priority in the assignment to the Class I utilization at regulated plants. This is necessary to insure the stability of the classified pricing program of the order. If the order permitted handlers to obtain other source milk whenever it was advantageous to do so for Class I use while producer milk in the plant was utilized in Class II, the order would not be effective in carrying out the purpose of the act. Also, the market would be deprived of a dependable supply of milk.

If after making the prescribed assignments of skim milk and butterfat pursuant to the allocation provisions of the order, the total of all Class I and Class II milk assigned to producer milk exceeds the amount of producer milk reported to have been received by the handler for whose pool plant the computation is being made, such "overage" should be assigned first to the available Class II utilization and any remainder to Class I. Such overage should be paid for by the handler at the applicable class prices.

(c) *Class prices.* Class I prices should be established at a level which, in conjunction with the Class II prices hereinafter concluded to be appropriate, will result in returns to producers high enough to maintain an adequate but not excessive supply of quality milk to meet the requirements of the marketing area. If prices remain too low, insufficient quantities of milk will be produced to assure that the Class I market will be fully supplied. Conversely, if prices are too high, production will be overstimu-

lated and consumption curtailed. This would cause more milk to be produced than is needed to satisfy the demand for Class I milk, resulting in the development of unnecessary and uneconomic surpluses.

When milk produced locally is insufficient to meet the Class I needs of the market, supplemental supplies of Grade A milk are purchased by handlers in the marking area from plants outside the regular supply area. Prices of this milk fluctuate to a considerable extent with the value of milk produced for manufacture. Other items which determine the prices at which such milk will be available to North Central Iowa handlers include the cost of transporting such milk to the marketing area and the alternative outlets for such milk.

Proper recognition must be given the prices at which alternative sources of supply are available, especially since any milk plant wherever located may, by meeting the prescribed qualifications, become a pool plant under the order. It is necessary, therefore, that the Class I prices in the proposed North Central Iowa milk marketing order should not be set at levels which will bring the cost of such milk above the cost of obtaining regular and dependable Grade A milk supplies from other areas.

Both producers and handlers emphasized in their testimony that the Class I price in the North Central Iowa order should be appropriately aligned with the Class I prices in nearby markets, especially with those Iowa markets under Federal milk marketing orders. There are five Federal milk orders currently in effect in Iowa: the so-called Missouri Valley Federal order markets of Omaha-Lincoln-Council Bluffs and Sioux City in the extreme western part of the state and the so-called Mississippi Valley Federal order markets of Quad Cities, Dubuque, and Cedar Rapids-Iowa City in the eastern part of the state. The average Class I prices per hundredweight of 3.5 percent milk in each of these markets for the year ending June 30, 1956 were: Omaha-Lincoln-Council Bluffs, $4.56; Sioux City, $4.55; Quad Cities, $4.22; Dubuque, $4.12 and Cedar Rapids-Iowa City, $4.03.

Waterloo, the largst city in the North Central Iowa market, is the principal point from which milk is distributed in the proposed marketing area. Council Bluffs is 250 miles and Sioux City 230 miles from Waterloo. Although some of the smaller cities in the proposed marketing area are not as far from these Missouri Valley cities as Waterloo, handlers who would be regulated by the proposed North Central Iowa order and handlers under the Omaha-Lincoln-Council Bluffs order do not compete for sales outlets in any localities, and if any sales are made by North Central Iowa handlers in competition with handlers regulated by the Sioux City order, they are negligible.

Cedar Rapids is 67 and Dubuque 90 miles from Waterloo. Davenport, Iowa, in the Quad Cities marketing area, is 148 miles from Waterloo. The marketing areas of the three Mississippi Valley orders are relatively close by and it is not uncommon for handlers regulated by each of them to compete with one another outside their respective marketing areas. Moreover, in various localities in eastern Iowa, handlers who would be regulated by the proposed order compete with handlers regulated by the Mississippi Valley orders.

The quantity of milk regulated by the Quad Cities order is significantly greater than the total of that regulated by the Dubuque and Cedar Rapids-Iowa City orders. In 1955, producers delivered 208 million pounds of milk to Quad Cities order pool plants compared to deliveries of 139 million and 43 million pounds, respectively, by producers under the Dubuque and Cedar Rapids-Iowa City orders for the same period.

The Quad Cities order, as amended, May 1, 1957 provides for a Class I price equal to the Chicago Class I price plus 20 cents. Prior to May 1, 1957 the Quad Cities price was the higher of either (a) the Class II price under that order for the preceding month plus a differential of 75 cents for May and June, 95 cents December through April, and $1.15 July through November; or (b) the Chicago order Class I price plus 20 cents. The Dubuque Class I price is calculated by subtracting 10 cents from the Quad Cities order Class I price. Under the Cedar Rapids-Iowa City order the Class I price, which is fixed at a level somewhat below that for the Quad Cities, is computed by adding to the Class II price under that order for the preceding month a differential of 65 cents for May and June; 85 cents December through April; and $1.15 July through November.

The approximately 400 members of the Cedar Valley Cooperative of Waterloo sold 77 of the 105 million pounds of milk produced by them to Black Hawk County handlers as Class I or Class II (cream for fluid use, buttermilk, etc.) during the year ending June 30, 1956. The Class I prices paid the cooperative are on a per hundredweight basis of 3.5 percent milk and are determined by the prevailing resale prices in each of the communities wherein the milk was distributed by handlers. In June 1956, for milk classified in Classes I, I-A, I-B, and I-C the prices paid the cooperative by handlers were $4.35, $4.05, $3.75 and $3.45, respectively, and applied to milk distributed in the 21-cent, 20-cent, 19-cent and 18-cent markets, in that order. For Class II, the other fluid class utilization of Black Hawk County handlers, the price during the same month was $3.71. Although there had been substantial Class I-C utilization in prior months, no milk was thus classified in April, May and June 1956. Also, for the period February 1955 through April 1956, no milk was paid for at the Class I price. In January 1955, the Class I price was $4.58. For the year ending June 30, 1956, milk for fluid use sold by the Cedar Valley Cooperative to Black Hawk County handlers was paid for according to its allocation of 6.0, 35.9, 13.1, and 11.5 million pounds of Classes I, I-A, I-B, and I-C, respectively. In June 1956, the fluid use classifications on which cooperative was paid were, in millions of pounds, 3.2 in Class I, 11.1 in Class I-A, 0.5 in Class I-B, none in Class I-C, and 0.9 in Class II.

The Marshalltown Class I price is calculated on the basis of the Class I prices in the Waterloo, Des Moines and Cedar Rapids-Iowa City markets. For the 12 months through June 1956 the Marshall County Milk Dealers' Cooperative, made up of approximately 150 producers, sold 30 million pounds of their production as Class I to Marshalltown handlers at an average price of $4.11 per hundredweight of 3.5 percent milk.

An average price of $4.06 per hundredweight of 3.5 percent milk was received by the approximately 75 producer-members of the North Iowa Cooperative for its deliveries of 14 million pounds of Class I milk to its buying handlers in Mason City during the year ending June 30, 1956.

The Charles City Cooperative in August 1956 and for at least several months prior thereto was receiving $4.00 per hundredweight for Class I milk of 3.5 percent butterfat. The three processors of milk in Charles City receive milk from 33 Grade A producers.

The principal handler in Fort Dodge, who receives milk from about 35 Grade A producers, was paying a Class I price of $3.97 per hundredweight of 3.5 percent milk in April 1955. This price was for milk distributed in communities where the retail was 19 cents per quart. In communities where the 18-cent price prevailed, the quantity of milk thus sold was paid for at 45 cents per hundredweight below the stated Class I price.

In some localities handlers who would be regulated by the North Central Iowa order compete for sales outlets with Des Moines handlers. The price which handlers in that market pay for Class I milk is determined on the basis of the Class I prices calculated for the Omaha-Lincoln-Council Bluffs and the Quad Cities orders. For the year ending May 31, 1955 the Des Moines Class I price per hundredweight of 3.5 percent milk averaged $4.37.

The Class I price under the North Central Iowa order proposed by producers would be at the level of the Missouri Valley Federal order markets of Sioux City and Omaha-Lincoln-Council Bluffs. This price would be significantly higher than the Class I prices in the Mississippi Valley Federal order markets of Quad Cities, Cedar Rapids-Iowa City, and Dubuque. In justification of the higher price level, producers stated that it costs more to produce milk in various parts of the milkshed for the North Central Iowa market than in the milkshed for the Mississippi Valley markets. It was also argued that, historically, Class I prices in the proposed marketing area have been higher than in the Mississippi Valley markets. The Sioux City order Class I price, which was suggested as an appropriate price for the North Central Iowa market by producers, averaged $4.55 per hundredweight of 3.5 percent milk for the 12 months through June 1956. That price exceeded the corresponding prices in the Quad Cities, Cedar Rapids-Iowa City and Dubuque orders by 33, 43, and 52 cents, respectively.

As proposed by handlers, the level of the Class I price in the proposed order

would be similar to that now obtained in the lower priced Mississippi Valley markets of Cedar Rapids-Iowa City and Dubuque. The Class I prices in these markets were proposed as appropriate prices for the North Central Iowa order by handlers even though it was testified by their representatives that Class I prices in the proposed area, historically, have been higher than in the Mississippi Valley markets and that the Class I price in the Des Moines market must be considered as a factor in fixing the North Central Iowa Class I price.

Handlers stated that the Class I price under the Quad Cities order, the principal market in the Mississippi Valley group, was established in most months (e. g., 44 of the 54 months from January 1952 through June 1956) on the basis of the Chicago order Class I price plus 20 cents. In support of their position for a relatively low Class I price, it was argued by handlers that using the Chicago order Class I price for determining the monthly Class I price under the proposed North Central Iowa order should be given some consideration. It was stated that a location adjustment of approximately minus 50 cents per hundredweight would be applicable to milk received from producers at a plant under the Chicago order located 320 miles from Chicago. Such a location is approximately the distance from the center of the milkshed of the proposed marketing area to Chicago. According to this reasoning, a Class I price in the proposed order which is the same as that now contained in the Dubuque order, would be at least 60 cents higher than the price for such milk under the Chicago order.

The Chicago milkshed is one of the principal milk production areas in the United States. At various times throughout the year, especially during the months of low production, milk from this area is shipped great distances throughout the country. The Chicago order Class I price is used extensively as a recognized price quotation both locally and nationally. It is not uncommon to fix Class I prices in a market on the basis of the price in a major milk marketing area, such as Chicago, or on the basis of obtaining alternative sources of supply from such major market.

The location differentials in the Chicago order applicable to the price of Class I milk received from producers give appropriate consideration to the economic factors involved in adjusting prices at various locations in the milkshed for the Chicago market. They are not intended to provide prices for milk for delivery to other markets.

The Class I price under the Chicago order, which averaged $4.00 for the year ending June 30, 1956, is determined on the basis of a "basic formula price" which reflects the value of milk for manufacturing purposes nationally. As such, it may be expected to be a most appropriate determinant for use in establishing the Class I price in the North Central Iowa market, especially since handlers in this market must compete in various localities with handlers whose Class I prices are fixed by other orders. Unless handlers, regulated by the North Central Iowa order are able to anticipate and project the prices they will be required to pay for Class I milk in relation to recognized and established price quotations used in major markets, they will be at a disadvantage with handlers from other markets in competing for Class I sales beyond the confines of the marketing area. Determining the North Central Iowa order Class I price on a direct relationship with the Chicago order Class I price will provide an economically sound basis for determining the North Central Iowa order Class I price.

Portions of the production areas for the proposed North Central Iowa market and the Mississippi Valley order markets overlap and producers in such localities may shift from one market to another. Likewise, there is some overlapping of the production areas for the Mississippi Valley and Chicago order markets. North Central Iowa handlers compete in some localities with handlers under the Mississippi Valley orders and the latter in turn compete with handlers under the Chicago order.

In order to insure the maintenance of an adequate supply of milk for the North Central Iowa market it is necessary that the Class I price for such market be appropriately aligned with the Class I prices in the Mississippi Valley order markets. The most effective determinant of the Class I price in the Mississippi Valley order markets is the Chicago order Class I price.

It is concluded that the intent of the Act will best be effectuated by fixing the Class I price under the recommended North Central Iowa order at the level of the Chicago order Class I price plus 15 cents. This Class I price would be applicable to all plants located in the "base zone", which should be defined to include all the territory south of a line formed by the indefinite extension of the southern boundaries of Hancock, Cerro Gordo, and Floyd Counties, Iowa. However, the Class I price should be 5 cents less for milk received from producers at pool plants north of the base zone. These plants in the northern part of the marketing area are close to the intensive dairy production area in nearby Minnesota. A Class I price of five cents below that provided at other locations in the area gives consideration not only to the proximity of potential alternative sources of supply but also to the overall historical relationship of prices paid producers in the major cities of the northern part of the marketing area as compared to those in the base zone. The level of prices thus obtained at the various locations where milk is received from producers should be helpful toward insuring the maintenance of orderly and stable marketing conditions throughout the territory wherein milk is distributed by the North Central Iowa handlers.

Class II price. Some milk in excess of Class I requirements is necessary in order to maintain an adequate supply of fluid milk for the market on an annual basis. The Class II price for such excess milk should be maintained at the highest level consistent with facilitating its movement to manufacturing outlets when it is not needed in the market for Class I purposes. The Class II price should be at such a level that handlers will accept and market whatever quantities of milk in excess of Class I needs may arise from time to time. The price, however, should not be so low that handlers will be encouraged to procure milk supplies solely for the purpose of converting them into Class II products.

Although one handler has extensive manufacturing facilities, most handlers in the proposed area have limited facilities for handling any milk above that needed for their day-to-day fluid operations. A few handlers manufacture such by-products as cottage cheese and ice cream mix for the needs of their own trade. However, most milk not needed for fluid distribution in the market must be transferred or diverted from the plant at which it is usually received to a plant having adequate manufacturing facilities.

During the spring months of heavy production, producer milk not needed by handlers has been moved to manufacturing plants either by the handler who regularly received the milk or by the cooperative association which is responsible for marketing such producer milk. Whatever value the handler or cooperative realized in the sale of such milk to the manufacturing plant has been reflected in the returns to producers for such milk. Payments to producers at other times for "overbase" milk which was utilized for manufacturing purposes or otherwise disposed of followed no consistent pattern.

Prices paid by manufacturing plants may differ because of changes in the relative prices of the product which they manufacture. Handlers will dispose of excess milk to those plants which are paying the highest price at the time of such disposal. Because of small volume and inefficient means of handling, it is possible that some handlers may, at times, incur losses in handling their necessary reserve supply of milk. The handling of such reserve milk is incidental, however, to the handling of fluid milk.

Elsewhere in this decision the need for maintaining an alignment of the North Central Iowa Class I price with those in the Mississippi Valley Federal order markets of Quad Cities, Dubuque, and Cedar Rapids-Iowa City is emphasized. Providing for such alignment with respect to the Class II price for the North Central Iowa market is no less necessary. There are a number of manufacturing plants in the area which are available outlets for milk that is not needed by handlers for fluid distribution. Some of these, such as the Carnation Company plant in Waverly, Iowa, receive milk from plants under the Mississippi Valley Federal order markets as well as from plants at which milk is received from producers would be priced under the proposed North Central Iowa order.

It would not be practicable to provide for a Class II price under the North Central Iowa order which is unrelated or could vary significantly from the level of the Class II prices in these nearby order markets. A North Central Iowa Class II price higher than that in the Mississippi Valley order markets would

place the handlers and producer associations under the proposed order at a disadvantage in disposing of surplus milk in competition with lower prices in the nearby order markets. On the other hand, if the North Central Iowa order provided for a lower Class II price than the Mississippi Valley orders, North Central Iowa handlers would have a competitive advantage in disposing of their surplus milk. Accordingly, it is concluded that the Class II price under the proposed order should be established on the same basis as the Class II price under the Quad Cities order, the principal Mississippi Valley order market. This price is based on the average of the prices paid for ungraded milk received from dairy farmers at seven manufacturing plants in or nearby the milksheds for North Central Iowa and the Mississippi Valley order markets. The prices paid by these seven manufacturing plants, which prices for some time have been used as a basis for pricing Class II milk in the existing nearby Federal order markets, have gained acceptance as an appropriate means of pricing milk for manufacturing purposes.

For the year ending June 30, 1956 the Class II price herein proposed for milk containing 3.5 percent butterfat averaged $3.02 per hundredweight. Although cooperative association and various handlers have in some instances disposed of producer milk for manufacturing purposes at prices somewhat above those which would be obtained by the formula recommended herein, the level which is here proposed, however, does represent well the level of prices which producers in the marketing area have been receiving for such milk and reasonably reflects the value of milk for manufacturing purposes locally.

Provision is made in the attached order to permit a handler to divert directly to manufacturing plants any milk not needed in his own operations. Handlers who need and desire the entire output of producers during periods of short supply should assume the responsibility of paying producers at least the competitive manufacturing prices for Class II milk throughout the year.

Butterfat differentials. Provision is made elsewhere in this decision that butterfat and skim milk should be accounted for separately for classification purposes. It will be necessary, therefore, to adjust Class I and Class II prices of milk in accordance with the average test of milk in each class by a butterfat differential which will reflect differences in value due to variations in the butterfat content of each product.

The butterfat differential used by the Cedar Valley Cooperative, the largest producer group in the market, is the product obtained, to the nearest full cent, by multiplying the 92-score Chicago butter price by 0.120. The seven cent differential, which has resulted from this formula over an extended period of time, is applicable to all milk handled by the cooperative. Handlers and cooperative associations in Marshalltown, Mason City, and Fort Dodge also use a seven cent butterfat differential, and it is the rate used by practically all the principal handlers and cooperatives in the market in paying producers for all milk shipped irrespective of its use. In effect, the butterfat differential which, at the present time has almost universal application throughout the North Central Iowa marketing area is seven cents for each one-tenth of one percent butterfat in a hundredweight of milk.

The values, to the nearest one-tenth cent, resulting from multiplying the 92-score Chicago butter price by 0.120 for Class I milk and by 0.110 for April, May and June and 0.115 for all other months for Class II milk, will obtain butterfat differentials which will approximate on an overall basis those which have been used in the market and will provide an appropriate basis for adjusting class prices. The use of butter prices in this manner will reflect changes in the central market prices of butterfat and follows standard practices in most fluid milk markets for adjusting for butterfat variations. The basing point from which adjustments are made should be 3.5 percent butterfat. This is the basis having widest acceptance in the North Central Iowa marketing area.

The lower butterfat differential for Class II milk in the spring months of heavy production will facilitate the movement of butterfat in the reserve supply of milk to manufacturing outlets and thereby eliminate the potentialities of unstable marketing conditions which milk without a market tends to create. In other months of the year, the butterfat differential value of 115 percent of the Chicago butter price should be high enough so as not to give an unnatural incentive to the movement of butterfat to the manufacture of butter and Cheddar cheese at the expense of preferred outlets such as for condensed milk and frozen desserts. Moreover, at a rate of 115 percent of the Chicago butter price during the months of July through March, the cost of butterfat in the North Central Iowa market will be competitive with butterfat from alternative sources of supply.

In order that it may be known early each month, the Class I differential would be based on the average price of butter in the preceding month. This will permit announcement of the applicable butterfat differential at the same time that the Class I price is announced.

The Class II price and butterfat differential will not be announced until after the end of the month. Although handlers will not know the exact cost of such milk as it is utilized, they will know that their cost will tend to follow movements in daily or weekly dairy product prices and, in any event, the cost of milk of their principal competitors for manufactured product outlets.

The butterfat differential used in making payments to producers should be calculated at the average of the return actually received from the sale of butterfat in producer milk. The rate to be used for this purpose would be the average of the Class I and Class II differentials weighted by the proportion of butterfat in producer milk classified in each class. Thus, producer returns for butterfat will reflect the actual sale value of their butterfat at the class prices provided in the order. The producer butterfat differential in no way affects the handlers' cost of milk but merely prorates returns among producers whose milk differs in butterfat test.

Location differentials. Milk in packaged form from plants located at significant distances from the marketing area is distributed regularly in the marketing area. Such distribution is made in Mason City from plants in Rochester and Stillwater, Minnesota, which plants are 106 miles and 164 miles, respectively from Mason City. In addition, supplemental supplies of milk are at times moved to the plants of handlers in the marketing area from country plants in Minnesota and Wisconsin.

It would be neither practicable nor economically justifiable to require each handler to pay the same minimum class prices for milk received from producers regardless of the location of his pool plant. With the same class prices applicable, milk received at a supply plant and moved to a plant in the marketing area for processing and packaging may be expected to be more costly to a handler than milk received directly from producers at his processing plant in the marketing area. In the same manner, additional transportation costs would be incurred by the operator of a plant from which packaged milk is moved a relatively long distance to the marketing area. Unless provision is made in the order for the application of location differentials, producers delivering milk to plants located at some distance from the marketing area would be paid the same uniform prices as producers delivering to plants in the marketing area. On the average, producers shipping to country plants are significantly closer to the plants to which they deliver than are producers shipping directly to plants in the marketing area. The hauling charges paid by producers shipping to country plants are less than are paid by producers delivering to marketing area plants and also are below that which country plant shippers would be required to pay to have milk delivered directly to the marketing area. Under such circumstances and without provision for a location differential, country plant producers who are farther away from the marketing area would receive a better net return for their milk than producers delivering directly to plants in the marketing area.

When milk is not needed in the market for fluid use, it should be kept in the country for manufacturing purposes. This practice should be encouraged since it is economically more feasible to meet the needs of the market for fluid purposes from those farms or plants nearest the market before bringing in milk from more distant plants. The value of milk to the market for fluid purposes is greater at the location of a plant in the marketing area which packages it for distribution than in a plant in the production area from which milk must be moved to the marketing area for Class I uses. Recognition in the order through the medium of a location differential

should be given to this difference in value.

So as to be equitable to all handlers, the minimum Class I price to be paid for producer milk should not be dependent upon the type of plant receiving the milk. However, to the extent that milk is received elsewhere from producers and brought to the marketing area by a handler, the handler has assumed a transportation cost which might otherwise be borne by producers. Accordingly, the Class I price should be adjusted downward in the case of a plant which assumes the cost of hauling milk to the marketing area.

It is customary, in both regulated and unregulated markets, for handlers to pay producers delivering milk to country receiving stations a lesser price per hundredweight than is paid producers delivering directly to plants in the marketing area. To the extent that this represents a lower price because of the location of the milk, such difference of value should be recognized under the order. Effective May 1, 1957, Order No. 44, regulating the handling of milk in the Quad Cities marketing area, was amended to provide for a location differential which reduces the price for Class I milk received from producers at a pool plant located more than 50 miles from the Rock Island, Illinois, City Hall by 10 cents for the first 65 miles or less and by 1.5 cents for each additional 10 miles or fraction thereof that such plant is from the Rock Island City Hall.

Waterloo, Mason City, Fort Dodge, and Marshalltown are the principal places from which milk is distributed throughout the North Central Iowa marketing area. The city hall in each of these cities would be an appropriate point from which the mileage used in applying the location differential adjustment might be measured. Such differential should be computed from the nearest of such cities, since it may reasonably be expected that milk which is moved for regular distribution or as a supplementary source of supply would be nearer to the city to which the shipments were made than to any other major city in the marketing area. Accordingly, it is concluded that the Class I price under the North Central Iowa order should be reduced by 10 cents for the first 65 miles and 1.5 cents for each additional 10 miles or fraction thereof with respect to producer milk received at a plant which is not less than 50 miles from the nearest of the city halls of Waterloo, Mason City, Fort Dodge, and Marshalltown.

The location differential here recommended is economically sound and will be applicable to all handlers wherever located. The proposed rates are fundamentally the same as those contained in the decision to amend the Quad Cities order and are representative of the cost of hauling milk by an efficient means to the market.

Prices paid producers supplying plants to which location differentials apply should be reduced to reflect the lower value of such milk f. o. b. the point to which delivered.

No adjustment should be made in the Class II price because of the location of the plant to which the milk is delivered. There is little difference in the value of milk for manufactured uses associated with location of the plant receiving the milk. This is because of the low cost per hundredweight of milk involved in transporting manufactured products. The prices paid for ungraded milk received at various sections of the milkshed do not indicate any difference in value associated with location.

After a handler receives milk for Class II use, he should be expected to handle and dispose of the milk in the most advantageous possible method. Prices paid producers for such milk should not be made dependent upon the method employed by the handler in disposing of such milk. To do otherwise would remove part of the incentive for keeping handling costs at a minimum. To insure that milk will not be moved unnecessarily at producers' expense, the order should contain a provision to determine whether milk transferred between plants may receive the location differential credit. This should provide that any milk transferred be assigned to any Class II use remaining in the transferee plant before any of the direct producer receipts are assigned to Class II milk at such plant.

Use of equivalent prices. If for any reason a price quotation required by this order for computing class prices or for other purposes is not available in the manner described, the market administrator should use a price determined by the Secretary to be equivalent to the price which is required. Including such a provision in the order will leave no uncertainty with respect to the procedure which shall be followed in the absence of any price quotations which are customarily used and thereby prevent any unnecessary interruption in the operation of the order.

(d) *Distribution of proceeds to producers.* The individual-handler type of pool should be included in the order as a means of distributing to producers the returns from the sale of their milk. Under this type of pool, the minimum prices payable to producers is uniform to all producers delivering milk to the same handler. The price that a producer received would depend on the proportion of his milk used in Class I and in Class II milk by a handler. Although each handler subject to the order would be required to pay uniform minimum prices to all producers who deliver to him during each month, the minimum uniform prices payable to producers by the several handlers would differ according to the variation among handlers in the proportion of milk utilized in each class.

No handler in the area is carrying an undue proportion of excess milk in order to supply other handlers with supplemental milk. Moreover, there is extensive organization of producers throughout the area in cooperative associations. Most of these producer groups furnish the full Class I needs of buying handlers in a particular segment of the marketing area and market the milk of their members that is in excess of the requirements of local handlers. Under these conditions, an individual-handler pool in the North Central Iowa marketing area will best tend to attain an optimum allocation of producer milk among handlers according to their Class I needs and thereby maximize returns to producers for their milk.

The producers' proposal for a "Louisville plan" of fall production incentive payments was not supported at the hearing. Such a plan provides for the setting aside of a portion of the payments made by handlers for producer deliveries in the spring months of flush production to be paid to producers on the basis of their deliveries during the fall months of low production. In abandoning their support for a Louisville plan producers proposed in its place a "base and excess" plan of distributing the returns for milk among producers.

There are a number of base and excess plans in operation throughout the milkshed area. Currently, this method of distributing returns to producers is utilized in Marshalltown, Mason City, Charles City, and Fort Dodge. While the principles embodied in the base and excess plans now in operation are fundamentally the same, there are many differences in the practices followed in administering them and in the months used for the base-forming and base-paying periods.

Cedar Valley Cooperative of Waterloo, the major producer organization in the market, does not operate a base and excess plan. A Louisville plan for distributing returns to producers has been utilized for some several years by this association. However, spokesmen for the cooperative stated that the association would not be unfavorable to the incorporation of a base and excess plan in a North Central Iowa order.

The price of Class I milk in the attached proposed order, which is calculated by adding 15 cents to the Chicago order Class I price, varies seasonally by significant amounts. In 1955, for example the Class I price of $4.32 which would have obtained for November was 70 cents above the $3.62 Class I price which would have resulted for May of that year. In contrast, the prices which have been paid for the major portion of the milk used for Class I purposes by North Central Iowa handlers have not varied seasonally, but have generally remained at fixed levels for indefinite periods. The seasonal pricing recommended in this decision, by returning to producers a relatively higher price for fall production and a correspondingly lower price for flush month deliveries than has generally prevailed in the market, will provide to a considerable extent the incentive for more even production throughout the year, the purpose for which a Louisville plan or base and excess plan is frequently employed.

The seasonal pricing in the proposed North Central Iowa order is patterned after the Class I pricing provisions in the nearby Mississippi Valley Federal orders, none of which provides for either a Louisville plan or a base and excess plan.

It would be neither desirable nor administratively practicable to provide for a base and excess plan within the framework of the proposed order at this time.

Even though several producer groups in the North Central Iowa milkshed have been paid on the basis of various base and excess plans and have, in some degree, accommodated their production to the particular schemes under which they operate, producers who represent a major portion of the milk produced for the market have not been paid in accordance with such a plan. Such producers would need some time to accommodate their dairy farm operations to an order with a base and excess plan.

While there might be some merit to making provision at this time for a base and excess plan that would become operative at a date subsequent to the effective date of the order, it would be more appropriate, if any action is then warranted, to give consideration to such a plan at a hearing after the order had been in effect for a reasonable period of time. By then the information gained through operation of the order, which information would then be available to the market, could be used advantageously in determining whether there is then justification for a base and excess plan and what the provisions of such plan should be.

Payment to producers. The order should provide that each handler shall pay each producer for milk received from such producer, and for which payment is not made to a cooperative association, at not less than the applicable uniform price on or before the 14th day after the end of each month.

It was proposed by producers that provision be made for a cooperative association to receive payment for the producer milk which it causes to be delivered to a pool plant. The taking of title to milk of its members and the blending of the proceeds from the sale of such milk will tend to promote the orderly marketing of milk and will assist the cooperative association in discharging its responsibility to its members and to the market. Such functions can be accomplished more expediently if the association is collecting payments for the sales of members' milk.

Accordingly, each handler shall, if requested in writing by a cooperative association, pay such association an amount equal to the sum of the individual payments otherwise payable to the members of such association. Handlers should be required to make such payments to the cooperative association on or before the 12th day after the end of the month for milk received during the month.

Provision should also be made for the handler, if authorized in writing by the producer, to make proper deductions for goods or services furnished to or for payments made on behalf of the producer. At the time final settlement is made for milk received from producers during the month, the handler should be required to furnish to each producer a supporting statement. Such statement should show the pounds of butterfat tests of milk received from him, the rate of payment for such milk and a description of any deductions claimed by the handler.

(e) *Administrative provisions.* Provisions should be included in the order with respect to the administrative steps necessary to carry out the proposed regulation.

In addition to the definitions discussed earlier in this decision which define the scope of the regulation, certain other terms and definitions are desirable in the interest of brevity and to assure that each usage of the term denotes the same meaning. Such terms as are defined in the attached order are common to many other Federal milk orders.

Market Administrator. Provision should be made for the appointment by the Secretary of a market administrator to administer the order and to set forth the powers and duties for such agency essential to the proper functioning of such office.

Records and reports. Provisions should be included in the order requiring handlers to maintain adequate records of their operations and to make reports necessary to establish classification of producer milk and payments due therefor. Time limits must be prescribed for filing such reports and for making the payments to producers.

Handlers should maintain and make available to the market administrator all records and accounts of their operations together with facilities which are necessary to determine the accuracy of information reported to the market administrator or any other information upon which the classification of producer milk depends. The market administrator must likewise be permitted to check the accuracy of weights and tests of milk and milk products received and handled, and to verify all payments required under the order. The reports to the market administrator and the complete records of all handlers which are available for his inspection would be used also to determine whether the plants of such handlers qualify as pool plants.

In addition to the regular reports required of handlers, provision is made for a handler to notify the market administrator when he intends to divert producer milk or when he intends to import other source milk. This will facilitate the check-testing program of the market administrator. Such information on a marketwide basis also may assist handlers in locating local sources of producer milk and expedite the transfer of such milk among handlers.

It is necessary that handlers retain records to prove the utilization of the milk and that proper payments were made to producers. Since the books and records of all handlers cannot be completed or audited immediately after the milk has been delivered to a plant, it therefore becomes necessary to keep such records for a reasonable period of time.

The order should provide limitations on the period of time handlers shall be required to retain such books and records and on the period of time in which obligations under the order shall terminate. Provision made in this regard is identical in principle with the general amendment made to all milk orders in operation on July 30, 1947, following the Secretary's decision of January 26, 1949 (14 F. R. 444). That decision covering the retention of records and limitation of claims is equally applicable in this situation and is adopted as a part of this decision.

Expense of administration. Each handler should be required to pay the market administrator, as his pro rata share of the cost of administering the order, not more than 4 cents per hundredweight, or such lesser amount as the Secretary may from time to time prescribe, on (a) producer milk, (b) other source milk at a pool plant which is classified as Class I milk, and (c) Class I milk disposed of on routes in the marketing area from a nonpool plant which is not fully subject to the classification, pricing and pooling provisions of another order issued pursuant to the act.

The market administrator must have sufficient funds to enable him to administer properly the terms of the order. The act provides that such cost of administration shall be financed through an assessment on handlers. One of the duties of the market administrator is to verify the receipts and disposition of milk from all sources. The record indicates that other source milk is received by some handlers to supplement local producer supplies of milk. Equity in sharing the cost of administration of the order among handlers will be achieved, therefore, by applying the administrative assessment to all producer milk (which includes a handler's own production) and other source milk allocated to Class I milk.

Plants not subject to the classification and pricing provisions of the order may distribute limited quantities of Class I milk in the marketing area. The records of such plants must be checked to verify their status under the order. Assessment of administrative expense with respect to such milk sold in the marketing area will help to defray the costs of such verification.

In view of the anticipated volume of milk and the costs of administering orders in markets of comparable circumstances, it is concluded that an initial rate of 4 cents per hundredweight is necessary to meet the expenses of administration. Provision should be made to enable the Secretary to reduce the rate of assessment below the 4 cents per hundredweight maximum without necessitating an amendment to the order. This should be done at any time experience in the market reveals that a lesser rate will produce sufficient revenue to administer the order properly.

Marketing services. Provision should be made in the order for furnishing marketing services to producers, such as verifying of tests and weights and furnishing market information. These services should be provided by the market administrator and the cost should be borne by the producer receiving the service. If a cooperative association is performing such services for any member producers and is approved for such activities by the Secretary, the market administrator may accept this in lieu of his own service.

There is a need for a marketing service program in connection with the administration of an order in this area. Orderly marketing will be promoted by assuring

individual producers that payments received for their milk are based on the pricing provisions of the order, and reflect accurate weights and tests of such milk. To accomplish this fully, it is necessary that the butterfat tests and weights of individual producer deliveries of milk as reported by the handler be verified for accuracy.

An important phase of the marketing service program is to furnish producers with current market information. Detailed information regarding market conditions is not now regularly available either to producers or to cooperative associations. Efficiency in the production, utilization and marketing of milk will be promoted by the dissemination of current information on a marketwide basis to all producers.

To enable the market administrator to furnish such services, provision should be made for a maximum deduction of 5 cents per hundredweight with respect to receipts of milk from producers for whom he renders marketing services. Comparison of the extent of the milkshed and the volume of milk involved with that of several other markets now under Federal regulation indicates that this will reflect the maximum cost of such services. If later experience indicates that marketing services can be performed at a lesser rate, provision is made for the Secretary to adjust the rate downward without the necessity of a hearing.

General findings. (a) The proposed marketing agreement and the order, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(b) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds and other economic conditions which affect market supply of and demand for milk in the marketing area, and the minimum prices specified in the proposed marketing agreement and the order are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest; and

(c) The proposed order will regulate the handling of milk in the same manner as, and will be applicable only to persons in the respective classes of industrial and commercial activity specified in a marketing agreement upon which a hearing has been held.

Rulings on exceptions. In arriving at the findings and conclusions, and the regulatory provisions of this decision, each of the exceptions received was carefully and fully considered in conjunction with the record evidence pertaining thereto. To the extent that the findings and conclusions, and regulatory provisions of this decision are at variance with any of the exceptions, such exceptions are hereby overruled.

Recommended marketing agreement and order. The following order is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The recommended marketing agreement is not included in this decision because the regulatory provisions thereof would be identical with those contained in the order.

Referendum Order: Determination of Representative Period: and Designation of Referendum Agent

It is hereby directed that a referendum be conducted among producers to determine whether the issuance of the attached order regulating the handling of milk in the North Central Iowa marketing area, is approved or favored by the producers, as defined under the terms of the proposed order, and who, during the representative period, were engaged in the production of milk for sale within the aforesaid marketing area.

The month of May 1957 is hereby determined to be the representative period for the conduct of such referendum.

A. T. Radigan is hereby designated agent of the Secretary to conduct such referendum in accordance with the procedure for the conduct of referenda to determine producer approval of milk marketing orders as published in the FEDERAL REGISTER on August 10, 1950 (15 F. R. 5177), such referendum to be completed on or before the 15th day from the date this decision is issued.

Issued at Washington, D. C., this 30th day of July 1957.

[SEAL] EARL L. BUTZ,
Acting Secretary.

Order[1] *Amending the Order, as Amended, Regulating the Handling of Milk in the North Central Iowa Marketing Area*

Sec.
1005.0 Findings and determinations.

DEFINITIONS

1005.1 Act.
1005.2 Secretary.
1005.3 Department.
1005.4 Person.
1005.5 Cooperative association.
1005.6 North Central Iowa marketing area.
1005.7 Producer.
1005.8 Distributing plant.
1005.9 Supply plant.
1005.10 Pool plant.
1005.11 Nonpool plant.
1005.12 Handler.
1005.13 Producer-handler.
1005.14 Producer milk.
1005.15 Fluid milk product.
1005.16 Other source milk.
1005.17 Base zone.
1005.18 Chicago butter price.

MARKET ADMINISTRATOR

1005.20 Designation.
1005.21 Powers.
1005.22 Duties.

REPORTS, RECORDS, AND FACILITIES

1005.30 Reports of receipts and utilization.
1005.31 Other reports.
1005.32 Records and facilities.
1005.33 Retention of records.

CLASSIFICATION

1005.40 Skim milk and butterfat to be classified.
1005.41 Classes of utilization.
1005.42 Shrinkage.
1005.43 Responsibility of handlers and reclassification of milk.
1005.44 Transfers.
1005.45 Computation of skim milk and butterfat in each class.
1005.46 Allocation of skim milk and butterfat classified.

MINIMUM PRICES

1005.50 Class prices.
1005.51 Butterfat differentials to handlers.
1005.52 Location differentials to handlers.
1005.53 Use of equivalent prices.

APPLICATION OF PROVISIONS

1005.60 Producer-handler.
1005.61 Plants subject to other Federal orders.

DETERMINATION OF UNIFORM PRICE

1005.70 Net obligation of handlers.
1005.71 Computation of uniform prices for handlers.

PAYMENTS

1005.80 Time and method of payment for producer milk.
1005.81 Butterfat differentials to producers.
1005.82 Location differentials to producers.
1005.83 Adjustment of accounts.
1005.84 Marketing services.
1005.85 Expense of administration.
1005.86 Termination of obligations.

EFFECTIVE TIME, SUSPENSION OR TERMINATION.

1005.90 Effective time.
1005.91 Suspension or termination.
1005.92 Continuing power and duty of the market administrator.
1005.93 Liquidation after suspension or termination.

MISCELLANEOUS PROVISIONS

1005.100 Separability of provisions.
1005.101 Agents.

AUTHORITY: §§ 1005.0 to 1005.101 issued under sec. 5, 49 Stat. 753 as amended; 7 U. S. C. 608c.

§ 1005.0 *Findings and determinations*—(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon a proposed marketing agreement and a proposed order regulating the handling of milk in the North Central Iowa marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and the minimum prices specified in the order are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest;

[1] This order shall not become effective unless and until the requirements of § 900.14 of the rules of practice and procedure, as amended, governing proceedings to formulate marketing agreements and orders have been met.

(3) The said order regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in a marketing agreement upon which a hearing has been held;

(4) All milk and milk products handled by handlers, as defined in this order, are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in milk or its products; and

(5) It is hereby found that the necessary expense of the market administrator for the maintenance and functioning of such agency will require the payment by each handler, as his pro rata share of such expense, 4 cents per hundredweight or such amount not to exceed 4 cents per hundredweight as the Secretary may prescribe, with respect to butterfat and skim milk contained in (a) producer milk, (b) other source milk at a pool plant which is allocated to Class I milk pursuant to § 1005.46, and (c) Class I milk disposed of in the marketing area (except to a pool plant) from a nonpool plant not subject to the classification and pricing provisions of another order issued pursuant to the act.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof, the handling of milk in the North Central Iowa marketing area shall be in conformity to, and in compliance with, the following terms and conditions.

DEFINITIONS

§ 1005.1 *Act.* "Act" means Public Act No. 10, 73d Congress, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.).

§ 1005.2 *Secretary.* "Secretary" means the Secretary of Agriculture of the United States or any other officer or employee of the United States authorized to exercise the powers or to perform the duties of the said Secretary of Agriculture.

§ 1005.3 *Department* "Department" means the United States Department of Agriculture or any other Federal agency authorized to perform the price reporting functions of the United States Department of Agriculture.

§ 1005.4 *Person.* "Person" means any individual, partnership, corporation, association, or other business unit.

§ 1005.5 *Cooperative association.* "Cooperative association" means any cooperative marketing association which the Secretary determines, after application by the association:

(a) To be qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the "Capper-Volstead Act"; and

(b) To have full authority in the sale of milk of its members and to be engaged in making collective sales of or marketing milk or its products for its members.

§ 1005.6 *North Central Iowa marketing area.* "North Central Iowa marketing area" (hereinafter called the "marketing area") means all territory within the boundaries of Black Hawk County and the cities of Charles City, Clarion, Clear Lake, Eagle Grove, Fort Dodge, Hampton, Humboldt, Marshalltown, Mason City, New Hampton, Osage, Waverly and Webster City, all in the State of Iowa, including territory within such boundaries which is occupied by government (Municipal, State, or Federal) reservations, installations, institutions, or other establishments.

§ 1005.7 *Producer.* "Producer" means any person, except a producer-handler, who produces milk in compliance with Grade A inspection requirements of a duly constituted health authority which milk is (a) received at a pool plant, or (b) diverted from a pool plant to a nonpool plant for the account of the operator of the pool plant (1) any day during the months of April through June, and (2) on not more than one-half the days on which milk was delivered from a farm during any of the months of July through March.

§ 1005.8 *Distributing plant.* "Distributing plant" means a plant which is approved by an appropriate health authority for the processing or packaging of Grade A milk from which any fluid milk product is disposed of during the month on routes (including routes operated by vendors) or through plant stores to retail or wholesale outlets (except other plants) located in the marketing area.

§ 1005.9 *Supply plant.* "Supply plant" means a plant from which milk, skim milk or cream which is acceptable to the appropriate health authority for distribution in the marketing area under a Grade A label is shipped during the month to a pool plant qualified pursuant to § 1005.10 (a).

§ 1005.10 *Pool plant.* "Pool plant" means:

(a) A distributing plant from which a volume of Class I milk equal to more than an average of 1,000 pounds per day or not less than 15 percent of the Grade A milk received at such plant from dairy farmers and from other plants is disposed of during the month on routes (including routes operated by vendors) or through plant stores to retail or wholesale outlets (except other plants) in the marketing area.

(b) A supply plant for the month in which shipments of milk, skim milk or cream are made to distributing plants which are pool plants on not less than 10 days in any of the months of September, October, and November and on not less than 5 days in other months: *Provided,* That a supply plant which was not a pool plant for each of the immediately preceding months of September, October and November shall not be a pool plant for any month during which none of the milk, skim milk or cream from such plant was allocated to Class I milk pursuant to § 1005.46 at a distributing plant which is a pool plant.

§ 1005.11 *Nonpool plant.* "Nonpool plant" means any milk manufacturing, processing or bottling plant other than a pool plant.

§ 1005.12 *Handler.* "Handler" means any person in his capacity as the operator of one or more distributing or supply plants.

§ 1005.13 *Producer-handler.* "Producer-handler" means any person who operates a dairy farm and a distributing plant but who receives no milk from other dairy farmers.

§ 1005.14 *Producer milk.* "Producer milk" means only that skim milk or butterfat contained in milk (a) received at a pool plant directly from producers, or (b) diverted from a pool plant to a nonpool plant in accordance with the conditions set forth in § 1005.7.

§ 1005.15 *Fluid milk product.* "Fluid milk product" means milk, skim milk, buttermilk, milk drinks (plain or flavored), cream or any mixture in fluid form of skim milk and cream (except aerated cream products, yogurt, ice cream mix, evaporated or condensed milk, and sterilized products packaged in hermetically sealed containers).

§ 1005.16 *Other source milk.* "Other source milk" means all skim milk and butterfat contained in:

(a) Receipts during the month in the form of fluid milk products except (1) fluid milk products received from pool plants, (2) producer milk, or (3) inventory at the beginning of the month; and

(b) Products other than fluid milk products from any source (including those produced at the plant) which are reprocessed or converted to another product in the plant during the month.

§ 1005.17 *Base zone.* "Base zone" means all the territory south of a line formed by the indefinite extension of the southern boundaries of Hancock, Cerro Gordo, and Floyd Counties, all in the State of Iowa.

§ 1005.18 *Chicago butter price.* "Chicago butter price" means the simple average as computed by the market administrator of the daily wholesale selling prices (using the midpoint of any range as one price) per pound of 92-score bulk creamery butter at Chicago as reported during the month by the Department.

MARKET ADMINISTRATOR

§ 1005.20 *Designation.* The agency for the administration of this part shall be a market administrator, selected by the Secretary, who shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

§ 1005.21 *Powers.* The market administrator shall have the following powers with respect to this part:

(a) To administer its terms and provisions;

(b) To receive, investigate, and report to the Secretary complaints of violations;

(c) To make rules and regulations to effectuate its terms and provisions; and

(d) To recommend amendments to the Secretary.

§ 1005.22 *Duties.* The market administrator shall perform all duties nec-

essary to administer the terms and provisions of this part, including but not limited to the following:

(a) Within 45 days following the date on which he enters upon his duties, or such lesser period as may be prescribed by the Secretary, execute and deliver to the Secretary a bond, effective as of the date on which he enters upon his duties and conditioned upon the faithful performance of such duties, in an amount and with surety thereon satisfactory to the Secretary;

(b) Employ and fix the compensation of such persons as may be necessary to to enable him to administer its terms and provisions;

(c) Obtain a bond in a reasonable amount, and with reasonable surety thereon, covering each employee who handles funds entrusted to the market administrator;

(d) Pay out of the funds provided by § 1005.85, (1) the cost of his bond and of the bonds of his employees, (2) his own compensation, and (3) all other expenses, except those incurred under § 1005.84, necessarily incurred by him in the maintenance and functioning of his office and in the performance of his duties;

(e) Keep such books and records as will clearly reflect the transactions provided for in this part, and upon request by the Secretary, surrender the same to such other person as the Secretary may designate;

(f) Publicly announce at his discretion, unless otherwise directed by the Secretary, by posting in a conspicuous place in his office and by such other means as he deems appropriate, the name of any person who, after the date upon which he is required to perform such acts, has not made reports pursuant to §§ 1005.30 and 1005.31, or payments pursuant to §§ 1005.80 through 1005.85;

(g) Submit his books and records to examination by the Secretary and furnish such information and reports as may be required by the Secretary;

(h) Verify all reports and payments of each handler by audit, if necessary, of such handler's records and of the records of any other handler or person upon whose utilization the classification of skim milk or butterfat for such handler depends, or by such investigation as the market administrator deems necessary;

(i) Prepare and disseminate to the public such statistics and such information as he deems advisable and as do not reveal confidential information;

(j) Publicly announce and notify each handler on or before:

(1) The 5th day of each month, the minimum price for Class I milk pursuant to § 1005.50 (a) and the Class I butterfat differential pursuant to § 1005.51 (a), both for the current month; and the minimum price for Class II milk pursuant to § 1005.50 (b) and the Class II butterfat differential pursuant to § 1005.51 (b), both for the preceding month; and

(2) The 10th day after the end of each month the uniform prices pursuant to § 1005.71 and the producer butterfat differentials pursuant to § 1005.81.

REPORTS, RECORDS AND FACILITIES

§ 1005.30 *Reports of receipts and utilization.* On or before the 7th day after the end of each month, each handler, except a producer-handler, shall report for such month to the market administrator in the detail and on forms prescribed by the market administrator:

(a) The quantities of skim milk and butterfat contained in receipts of producer milk;

(b) The quantities of skim milk and butterfat contained in fluid milk products received from other pool plants;

(c) The quantities of skim milk and butterfat contained in other source milk;

(d) The quantities of skim milk and butterfat contained in producer milk diverted to nonpool plants pursuant to § 1005.7;

(e) Inventories of fluid milk products on hand at the beginning and end of the month; and

(f) The utilization of all skim milk and butterfat required to be reported pursuant to this section, including a separate statement of the disposition of Class I milk outside the marketing area.

§ 1005.31 *Other reports.* (a) Each producer-handler shall make reports to the market administrator at such time and in such manner as the market administrator may prescribe.

(b) Each handler, except a producer-handler, shall report to the market administrator in detail and on forms prescribed by the market administrator:

(1) On or before the 20th day after the end of the month for each of his pool plants, his producer payroll for such month which shall show for each producer: (i) His name and address, (ii) the total pounds of milk received from such producer, (iii) the number of days on which milk was received from such producer, if less than a full calendar month, (iv) the average butterfat content of such milk, and (v) the net amount of such handler's payment together with the price paid and the amount and nature of any deductions;

(2) On or before the first day other source milk is received in the form of any fluid milk product at his pool plant(s), his intention to receive such product and on or before the last day such product is received, his intention to discontinue receipt of such milk;

(3) Prior to his diversion of producer milk to a nonpool plant, his intention to divert such milk, the proposed date or dates of such diversion and the plant to which such milk is to be diverted; and

(4) Such other information with respect to the utilization of butterfat and skim milk as the market administrator may prescribe.

§ 1005.32 *Records and facilities.* Each handler shall maintain and make available to the market administrator or to his representative during the usual hours of business such accounts and records of his operations, together with such facilities as are necessary for the market administrator to verify or establish the correct data with respect to:

(a) The receipt and utilization of all skim milk and butterfat handled in any form during the month;

(b) The weights and butterfat and other content of all milk, skim milk, cream and other milk products handled during the month;

(c) The pounds of skim milk and butterfat contained in or represented by all milk products on hand at the beginning and end of each month; and

(d) Payments to producers and cooperative associations including the amount and nature of any deductions and the disbursement of money so deducted.

§ 1005.33 *Retention of records.* All books and records required under this part to be made available to the market administrator shall be retained by the handler for a period of three years to begin at the end of the month to which such books and records pertain: *Provided,* That if, within such three-year period, the market administrator notifies the handler in writing that the retention of such books and records is necessary in connection with a proceeding under section 8c (15) (A) of the act or a court action specified in such notice the handler shall retain such books and records, or specified books and records, until further written notification from the market administrator. In either case, the market administrator shall give further written notification to the handler promptly upon the termination of the litigation or when the records are no longer necessary in connection therewith.

CLASSIFICATION

§ 1005.40 *Skim milk and butterfat to be classified.* The skim milk and butterfat which are required to be reported pursuant to § 1005.30 shall be classified each month by the market administrator, pursuant to the provisions of §§ 1005.41 through 1005.46.

§ 1005.41 *Classes of Utilization.* Subject to the conditions set forth in § 1005.44 the classes of utilization shall be as follows:

(a) *Class I milk.* Class I milk shall be all skim milk (including concentrated and reconstituted skim milk) and butterfat (1) disposed of in the form of a fluid milk product and (2) not accounted for as Class II milk;

(b) *Class II milk.* Class II milk shall be all skim milk and butterfat (1) used to produce any product other than a fluid milk product; (2) contained in inventory of fluid milk products on hand at the end of the month; and (3) in shrinkage allocated to receipts of producer milk (except milk diverted to a nonpool plant pursuant to § 1005.7) and other source milk (received in the form of a fluid milk product in bulk) but not in excess of 2 percent of such receipts of skim milk and butterfat, respectively.

§ 1005.42 *Shrinkage.* The market administrator shall allocate shrinkage over a handler's receipts as follows:

(a) Compute the total shrinkage of skim milk and butterfat for each handler; and

(b) Prorate the resulting amounts between the receipts of skim milk and but-

terfat contained in producer milk and in other source milk.

§ 1005.43 *Responsibility of handlers and reclassification of milk.* (a) All skim milk and butterfat shall be Class I milk unless the handler who first receives such skim milk or butterfat can prove to the market administrator that such skim milk or butterfat should be classified otherwise;

(b) Any skim milk or butterfat shall be reclassified if verification by the market administrator discloses that the original classification was incorrect.

§ 1005.44 *Transfers.* Skim milk or butterfat disposed of each month from a pool plant shall be classified:

(a) As Class I milk, if transferred in the form of a fluid milk product to the pool plant of another handler, except a producer-handler, unless utilization as Class II milk is claimed by both handlers in their reports submitted for the month to the market administrator pursuant to § 1005.30: *Provided,* That the skim milk or butterfat so assigned to Class II milk shall be limited to the amount thereof remaining in Class II milk in the plant of the transferee-handler after the subtraction of other source milk pursuant to § 1005.46 and any additional amounts of such skim milk or butterfat shall be classified as Class I milk: *And provided further,* That if either or both handlers have received other source milk, the skim milk or butterfat so transferred shall be classified at both plants so as to allocate the greatest possible Class I utilization to the producer milk of both handlers;

(b) As Class I milk, if transferred to a producer-handler in the form of a fluid milk product;

(c) As Class I milk, if transferred or diverted in the form of a fluid milk product to a nonpool plant located more than 150 miles, by the shortest highway distance as determined by the market administrator, from the nearest of the city halls of Waterloo, Mason City, Fort Dodge and Marshalltown, Iowa; and

(d) As Class I milk, if transferred or diverted in the form of a fluid milk product in bulk to a nonpool plant located not more than 150 miles, by the shortest highway distance as determined by the market administrator, from the nearest of the city halls of Waterloo, Mason City, Fort Dodge, and Marshalltown, Iowa, unless:

(1) The transferring or diverting handler claims classification in Class II milk in his report submitted to the market administrator pursuant to § 1005.30 for the month within which such transactions occurred;

(2) The operator of such nonpool plant maintains books and records showing the utilization of all skim milk and butterfat received at such plant which are made available if requested by the market administrator for the purpose of verification; and

(3) The skim milk and butterfat in the fluid milk products (except in ungraded cream disposed of for manufacturing uses) disposed of from such nonpool plant do not exceed the receipts of skim milk and butterfat in milk received during the month from dairy farmers who the market administrator determines constitute the regular source of supply for such plant: *Provided,* That any skim milk or butterfat in fluid milk products (except in ungraded cream disposed of for manufacturing uses) disposed of from the nonpool plant which is in excess of receipts from such dairy farmers shall be assigned to the fluid milk products so transferred or diverted and classified as Class I milk: *And provided further,* That if the total skim milk and butterfat in fluid milk products which were transferred by all handlers to such nonpool plant during the month are less than the skim milk and butterfat available for assignment to Class I milk pursuant to the preceding proviso hereof, the assignment to Class I milk shall be prorated over the claimed Class II classification reported by each such handler on transfers to the nonpool plant.

§ 1005.45 *Computation of the skim milk and butterfat in each class.* For each month, the market administrator shall correct for mathematical and for other obvious errors the reports of receipts and utilization for the pool plant(s) of each handler and shall compute the pounds of butterfat and skim milk in Class I milk and Class II milk for such handler: *Provided,* That if any of the water contained in the milk from which a product is made is removed before the product is utilized or disposed of by a handler, the pounds of skim milk disposed of in such product shall be considered to be an amount equivalent to the nonfat milk solids contained in such product, plus all of the water reasonably associated with such solids in the form of whole milk.

§ 1005.46 *Allocation of skim milk and butterfat classified.* After making the computations pursuant to § 1005.45 the market administrator shall determine the classification of producer milk received at the pool plant(s) of each handler each month as follows:

(a) Skim milk shall be allocated in the following manner:

(1) Subtract from the total pounds of skim milk in Class II milk the pounds of skim milk assigned to producer milk pursuant to § 1005.41 (b) (3);

(2) Subtract from the remaining pounds of skim milk in each class, in series beginning with Class II milk, the pounds of skim milk in other source milk;

(3) Subtract from the remaining pounds of skim milk in each class the skim milk in fluid milk products received from the pool plants of other handlers according to the classification of such products as determined pursuant to § 1005.44 (a);

(4) Subtract from the remaining pounds of skim milk in each class, in series beginning with Class II milk, the pounds of skim milk contained in inventory of fluid milk products on hand at the beginning of the month; and

(5) Add to the pounds of skim milk remaining in Class II milk the pounds of skim milk subtracted pursuant to subparagraph (1) of this paragraph and if the remaining pounds of skim milk in both classes exceed the pounds of skim milk contained in producer milk, subtract such excess from the remaining pounds of skim milk in series beginning with Class II. Any amount of excess so subtracted shall be called "overage".

(b) Butterfat shall be allocated in accordance with the same procedure prescribed for skim milk in paragraph (a) of this section; and

(c) Determine the weighted average butterfat content of producer milk remaining in each class computed pursuant to paragraphs (a) and (b) of this section.

MINIMUM PRICES

§ 1005.50 *Class prices.* Subject to the provisions of §§ 1005.51 and 1005.52 the class prices per hundredweight for the month shall be as follows:

(a) *Class I milk price.* The Class I milk price shall be the price for Class I milk established under Federal Order No. 41, as amended, regulating the handling of milk in the Chicago, Illinois, marketing area, plus 15 cents: *Provided,* That for milk received from producers at a pool plant north of the base zone the price otherwise applicable pursuant to this paragraph shall be reduced 5 cents.

(b) *Class II milk price.* The Class II milk price shall be the average of the basic or field prices reported to have been paid or to be paid per hundredweight for milk of 3.5 percent butterfat content received from farmers during the month at the following plants or places for which prices have been reported to the market administrator or to the Department:

Present Operator and Plant Location

Amboy Milk Products Co., Amboy, Illinois.
Borden Company, Dixon, Illinois.
Borden Company, Sterling, Illinois.
Carnation Company, Morrison, Illinois.
Carnation Company, Oregon, Illinois.
Carnation Company, Waverly, Iowa.
United Milk Products Company, Argo Fay, Illinois.

§ 1005.51 *Butterfat differentials to handlers.* For milk containing more or less than 3.5 percent butterfat, the class prices for the month calculated pursuant to § 1005.50 shall be increased or decreased, respectively, for each one-tenth percent butterfat at the appropriate rate, rounded to the nearest one-tenth cent, determined as follows:

(a) *Class I price.* Multiply the Chicago butter price for the preceding month by 0.120.

(b) *Class II prices.* Multiply the Chicago butter price for the current month by 0.110 for the months of April, May, and June, and by 0.115 for all other months.

§ 1005.52 *Location differentials to handlers.* For that milk which is received from producers at a pool plant located 50 miles or more from the city halls of each of the cities of Waterloo, Mason City, Fort Dodge and Marshalltown, Iowa, by the shortest hard surfaced highway distance as determined by the market administrator, and which is classified as Class I milk, the price specified in § 1005.50 (a) shall be reduced by 10 cents for the first 65 miles or less and by 1.5 cents for each additional 10 miles or fraction thereof that such plant is from the nearest of the city halls of Waterloo, Mason City, Fort Dodge and Marshalltown: *Provided,* That for the purpose of

calculating the location differential adjustment applicable pursuant to this section fluid milk products which are transferred between pool plants shall be assigned to any remainder of Class II milk in the transferee plant after making the calculation prescribed in § 1005.46 (a) (2) and the comparable steps in (b) for such plant, such assignment to transferor plants to be made in sequence according to the location differential applicable to each plant, beginning with the plant having the largest differential.

§ 1005.53 *Use of equivalent prices.* If for any reason a price quotation required by this order for computing class prices or for other purposes is not available in the manner described, the market administrator shall use a price determined by the Secretary to be equivalent to the price which is required.

APPLICATION OF PROVISIONS

§ 1005.60 *Producer-handler.* Sections 1005.40 through 1005.46, 1005.50 through 1005.52, 1005.70, 1005.71, 1005.80 through 1005.85, and 1005.90 through 1005.93 shall not apply to a producer-handler.

§ 1005.61 *Plants subject to other Federal orders.* The provisions of this part shall not apply to a distributing plant or a supply plant during any month in which such plant would be subject to the classification and pricing provisions of another order issued pursuant to the act unless such plant is qualified as a pool plant pursuant to § 1005.10 and a greater volume of fluid milk products is disposed of from such plant to retail or wholesale outlets and to pool plants in the North Central Iowa marketing area than in the marketing area regulated pursuant to such other order: *Provided,* That the operator of a distributing plant or a supply plant which is exempt from the provisions of this order pursuant to this section shall, with respect to the total receipts and utilization or disposition of skim milk and butterfat at the plant, make reports to the market administrator at such time and in such manner as the market administrator may require (in lieu of the reports required pursuant to § 1005.30) and allow verification of such reports by the market administrator.

DETERMINATION OF UNIFORM PRICE

§ 1005.70 *Net obligation of handlers.* The net obligation of each handler for producer milk received at his pool plant(s) during each month shall be a sum of money computed by the market administrator as follows:

(a) Multiply the pounds of such milk in each class by the applicable class price;

(b) Add together the resulting amounts;

(c) Add the amounts computed by multiplying the pounds of overage deducted from each class by the applicable class price;

(d) Add or subtract, as the case may be, an amount necessary to correct errors discovered by the market administrator in the verification of reports of such handler of his receipts and utilization of skim milk and butterfat for previous months; and

(e) Add the amount obtained in multiplying the difference between the Class II price for the preceding month and the Class I price for the current month by the hundredweight of producer milk classified in Class II during the preceding month, or the hundredweight of milk subtracted from Class I pursuant to § 1005.46 (a) (4) and (b), whichever is less.

§ 1005.71 *Computation of uniform prices for handlers.* For each month the market administrator shall compute a uniform price for the producer milk received by each handler as follows:

(a) Add to the amount computed pursuant to § 1005.70 the total of the location differential deductions to be made pursuant to § 1005.82;

(b) Add or subtract for each one-tenth percent that the average butterfat content of producer milk received by such handler is less or more respectively, than 3.5 percent, an amount computed by multiplying such difference by the butterfat differential to producers, and multiplying the result by the total hundredweight of producer milk;

(c) Add if a deduction was made, or subtract if an addition was made, in computing the uniform price for such handler to the nearest cent for the preceding month the amount of such adjustment; and

(d) Divide the resulting amount by the total hundredweight of producer milk received by such handler. The quotient, adjusted to the nearest cent, shall be the uniform price for such handler for producer milk of 3.5 percent butterfat content in the base zone and within 50 miles of the city halls of Waterloo, Mason City, Fort Dodge or Marshalltown, Iowa.

PAYMENTS

§ 1005.80 *Time and method of payment for producer milk.* Each handler shall make payment to each producer for milk received from such producer as follows:

(a) On or before the 14th day after the end of each month, for milk received during such month, an amount computed at not less than the uniform prices per hundredweight pursuant to § 1005.71 subject to the butterfat differential computed pursuant to § 1005.81 plus or minus adjustments for errors made in previous payments to such producer; and less (1) location differential deductions pursuant to § 1005.82, (2) marketing service deductions pursuant to § 1005.84 and (3) proper deductions authorized by such producer: *Provided,* That with respect to producers whose milk was caused to be delivered to such handler by a cooperative association which is authorized to collect payment for such milk the handler shall, if requested by the cooperative association, pay such cooperative association on or before the 12th day after the end of each month an amount equal to the sum of the individual payments otherwise payable to such producers in accordance with this paragraph;

(b) In making the payments to producers pursuant to paragraph (a) of this section, each handler shall furnish each producer or cooperative association from whom he has received milk with a supporting statement in such form that it may be retained by the producer, which shall show for each month:

(1) The month and identity of the handler and of the producer;

(2) The daily and total pounds and the average butterfat content of milk received from such producer;

(3) The minimum rate or rates at which payment to such producer is required pursuant to the order;

(4) The rate which is used in making the payment, if such rate is other than the applicable minimum rate;

(5) The amount or the rate per hundredweight and nature of each deduction claimed by the handler; and

(6) The net amount of payment to such producer or cooperative association.

§ 1005.81 *Butterfat differentials to producers.* The uniform prices to be paid each producer shall be increased or decreased for each one-tenth of one percent which the butterfat content of his milk is above or below 3.5 percent, respectively, at the rate determined by multiplying the pounds of butterfat in the producer milk of such handler allocated to Class I and Class II milk pursuant to § 1005.46 by the respective butterfat differential for each class, dividing the sum of such values by the total pounds of such butterfat, and rounding the resultant figure to the nearest one-tenth of a cent.

§ 1005.82 *Location differentials to producers.* (a) The uniform prices for milk received from producers at a pool plant located 50 miles or more from the city halls of each of the cities of Waterloo, Mason City, Fort Dodge, and Marshalltown, Iowa, by the shortest hard-surfaced highway distance as determined by the market administrator, shall be reduced 10 cents for the first 65 miles or less and 1.5 cents for each additional 10 miles or fraction thereof that such plant is from the nearest of the city halls of Waterloo, Mason City, Fort Dodge and Marshalltown.

(b) The uniform prices for milk received from producers at a pool plant north of the base zone shall be reduced 5 cents.

§ 1005.83 *Adjustment of accounts.* Whenever verification by the market administrator of payment by a handler discloses errors resulting in money due a producer, a cooperative association, or the market administrator from such handler, or due such handler from the market administrator, the market administrator shall notify such handler of any amount so due and payment thereof shall be made on or before the next date for making payments, as set forth in the provisions under which such error occurred.

§ 1005.84 *Marketing services.* (a) Except as set forth in paragraph (b) of this section, each handler in making payments to each producer pursuant to § 1005.80, shall deduct 5 cents per hun-

dredweight or such lesser amount as the Secretary may prescribe with respect to all milk received by such handler from such producer (except such handler's own farm production) during the month, and shall pay such deductions to the market administrator not later than the 15th day after the end of the month. Such money shall be used by the market administrator to verify or establish weights, samples, and tests of milk received by handlers from such producers during the month and to provide such producers with market information. Such services shall be performed in whole or in part by the market administrator or by an agent engaged by and responsible to him.

(b) In the case of producers for whom a cooperative association is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section, each handler shall make, in lieu of the deductions specified in paragraph (a) of this section, such deductions as are authorized by such producers and, on or before the 15th day after the end of each month, pay over such deductions to the association rendering such services.

§ 1005.85 *Expense of administration.* As his pro rata share of the expense of administration of the order, each handler shall pay to the market administrator, on or before the 15th day after the end of each month, 4 cents per hundredweight or such lesser amount as the Secretary may prescribe, with respect to butterfat and skim milk contained in (a) producer milk, (b) other source milk at a pool plant which is allocated to Class I milk pursuant to § 1005.46, and (c) Class I milk disposed of in the marketing area (except to a pool plant) from a nonpool plant not subject to the classification and pricing provisions of another order issued pursuant to the act.

§ 1005.86 *Termination of obligations.* The provisions of this section shall apply to any obligation under this part for the payment of money.

(a) The obligation of any handler to pay money required to be paid under the terms of this part shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator receives the handler's utilization report on the milk involved in such obligation unless within such two-year period the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall be complete upon mailing to the handler's last known address, and it shall contain but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to an association of producers, the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this part, to make available to the market administrator or his representatives all books and records required by this part to be made available, the market administrator may, within the two-year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which all such books and records pertaining to such obligation are made available to the market administrator or his representatives.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this part to pay money shall not be terminated with respect to any transaction involving fraud or wilful concealment of a fact, material to the obligation on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this part shall terminate two years after the end of the calendar month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler within the applicable period of time, files pursuant to section 8c (15) (A) of the act, a petition claiming such money.

EFFECTIVE TIME, SUSPENSION OR TERMINATION

§ 1005.90 *Effective time.* The provisions of this part, or any amendments to this part, shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated.

§ 1005.91 *Suspension or termination.* The Secretary shall suspend or terminate any or all of the provisions of this part, whenever he finds that it obstructs or does not tend to effectuate the declared policy of the act. This part shall, in any event, terminate whenever the provisions of the act authorizing it cease to be in effect.

§ 1005.92 *Continuing power and duty of the market administrator.* (a) If, upon the suspension or termination of any or all of the provisions of this part, there are any obligations arising hereunder, the final accrual or ascertainment or which requires further acts by any handler, by the market administrator, or by any other person, the power and duty to perform such further acts shall continue notwithstanding such suspension or termination: *Provided,* That any such acts required to be performed by the market administrator shall, if the Secretary so directs, be performed by such other person, persons, or agency as the Secretary may designate.

(b) The market administrator or such other person as the Secretary may designate shall (1) continue in such capacity until discharged by the Secretary; (2) from time to time account for all receipts and disbursements and deliver all funds or property on hand together with the books and records of the market administrator, or such person, to such person as the Secretary shall direct; and (3) if so directed by the Secretary execute such assignment or other instruments necessary or appropriate to vest in such person full title to all funds, property, and claims vested in the market administrator or such person pursuant thereto.

§ 1005.93 *Liquidation after suspension or termination.* Upon the suspension or termination of any or all provisions of this part the market administrator, or such person as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office and dispose of all funds and property then in his possession or under his control together with claims for any funds which are unpaid or owing at the time of such suspension or termination. Any funds collected pursuant to the provisions of this part, over and above the amounts necessary to meet outstanding obligations and the expenses necessarily incurred by the market administrator or such person in liquidating such funds, shall be distributed to the contributing handlers and producers in an equitable manner.

MISCELLANEOUS PROVISIONS

§ 1005.100 *Separability of provisions.* If any provision of this part, or its application to any person or circumstances, is held invalid, the application of such provision, and of the remaining provisions of this part, to other persons or circumstances shall not be affected thereby.

§ 1005.101 *Agents.* The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions of this part.

[F. R. Doc. 57-6351; Filed, Aug. 2, 1957; 8:46 a. m.]

CIVIL AERONAUTICS BOARD

[14 CFR Part 20]

[Draft Release 57-17]

ISSUANCE OF INSTRUMENT RATINGS BASED ON MILITARY COMPETENCE AND ISSUANCE OF ADDITIONAL CATEGORY RATINGS FOR PRIVATE AND COMMERCIAL PILOTS

NOTICE OF PROPOSED RULE MAKING

Pursuant to authority delegated by the Civil Aeronautics Board to the Bureau of Safety, notice is hereby given that the Bureau will propose to the Board amendments to Part 20 of the Civil Air Regulations as hereinafter set forth.

Interested persons may participate in the making of the proposed rules by submitting such written data, views, or arguments as they may desire. Communi-

cations should be submitted in duplicate to the Civil Aeronautics Board, attention Bureau of Safety, Washington 25, D. C. In order to insure their consideration by the Board before taking further action on the proposed rules, communications must be received by August 26, 1957. Copies of such communications will be available after August 28, 1957, for examination by interested persons at the Docket Section of the Board, Room 5412, Department of Commerce Building, Washington, D. C.

In the recent revision of Part 20, it was considered that a comparable degree of instrument flying competence would be insured by authorizing the issuance of instrument ratings to applicants holding currently effective military instrument cards. Since that time, it has been brought to our attention that the military services have issued limited instrument cards under lower standards than the requirements for the issuance of an instrument rating under this part. Consequently, it is now considered necessary to limit the acceptance of military instrument cards for the purpose of issuing instrument ratings under this part to those persons holding military instrument cards which were issued on the basis of requirements at least equal to those standards required for the issuance of an instrument rating under the provisions of this part.

The recently revised Part 20 provides for the original issuance of private and commercial pilot certificates with rotorcraft and glider category ratings in addition to airplane category ratings. The issuance of the additional category ratings corresponds to the experience requirements for the original issuance of pilot certificates and category ratings applied for and requires a specified amount of total and solo flight experience in the category for which the rating is sought. The draft release which was circulated prior to the adoption of this part elicited very little comment with respect to this provision.

In the previous Part 20, the additional category rating section required only that the applicant demonstrate competence in aircraft of the category for which the additional rating was sought. The revised part requires the applicant for a rotorcraft rating with private pilot privileges to have acquired 15 hours of solo flight time in rotorcraft, and with commercial pilot privileges to have acquired a total of 50 hours of rotorcraft flight time of which at least 15 hours must have been solo. An applicant for a glider rating with private pilot privileges could meet the experience requirements with any one of three combinations of glider and airplane flight time and a specified number of glider flights, while the experience requirement for a glider pilot with commercial pilot privileges requires a total of 20 hours of flight time in gliders and 100 glider flights as pilot in command.

We have received correspondence from a number of sources objecting to these new requirements as they apply to rotorcraft ratings and requesting that they be amended prior to the mandatory compliance date of the revised part. It is contended that the increased cost of securing a rotorcraft rating under the new experience requirements would prevent most veteran and civilian trainees from completing their rotorcraft training and would discourage a great majority of prospective students from enrolling in such training.

There has been objection also to the new category rating requirements as they apply to glider ratings. These objections are to the effect that the amount of glider experience required by the new regulation is excessive and would impose an unreasonable burden on the soaring movement.

A re-examination of the new requirements indicates that they are reasonable with respect to applicants applying for the original issuance of pilot certificates; however, with respect to certificated pilots applying for an additional category rating, they may impose an undue financial burden that is not fully justified in the interest of safety. It is considered that the objections to the revised requirements can be overcome while still maintaining adequate standards of safety by recognizing the piloting experience of the applicant in the airplane or rotorcraft category for which he holds a pilot certificate and rating and reducing the flight experience required for him to secure an additional category rating.

The experience requirements for glider pilots applying for an airplane or rotorcraft rating were not changed in the revised Part 20 and no objections to these provisions have been received.

In view of the foregoing, notice is hereby given that the Bureau proposes to recommend to the Board that Part 20 of the Civil Air Regulations be amended:

1. By amending § 20.111 (c) by adding at the end thereof the phrase "if the standards under which the rating was issued are not less than those prescribed for the issuance of an instrument rating under this part."

2. By amending § 20.121 (a) to read as follows:

§ 20.121 *Additional aircraft ratings.*
* * *

(a) *Category rating.* (1) A pilot holding an airplane category rating who applies for a rotorcraft category rating shall have acquired at least 25 hours of dual instruction and solo flight time in rotorcraft, 5 of which shall have been solo, and shall pass an appropriate flight test.

(2) A pilot holding an airplane or rotorcraft category rating who applies for a glider category rating shall have acquired at least 2 hours of dual instruction and solo flight time in gliders which shall include at least 10 solo glider flights in which 360° right and left approaches have been made, and shall pass an appropriate flight test.

(3) A pilot holding a glider category rating who applies for an airplane or rotorcraft rating shall meet all the requirements for the original issuance of such category rating and shall pass an appropriate flight test.

(4) A pilot holding a rotorcraft category rating who applies for an airplane category rating shall have acquired the total flight time required for the original issuance of such category rating, shall have acquired at least 5 hours of solo flight time in airplanes, and shall pass an appropriate flight test.

These amendments are proposed under the authority of Title VI of the Civil Aeronautics Act of 1938, as amended. These proposals may be changed in the light of comment received in response to this notice of proposed rule making.

(Sec. 205 (a), 52 Stat. 984; 49 U. S. C. 425 (a). Interpret or apply secs. 601–610, 52 Stat. 1007–1012, as amended; 49 U. S. C. 551–560)

Dated at Washington, D. C., July 25, 1957.

By the Bureau of Safety.

[SEAL] LEON H. TANGUAY,
Acting Director,
Bureau of Safety.

[F. R. Doc. 57-6385; Filed, Aug. 2, 1957; 8:53 a. m.]

[14 CFR Part 60]

[Draft Release No. 57-16]

AIR TRAFFIC RULES

NOTICE OF PROPOSED RULE MAKING

JULY 29, 1957.

Notice is hereby given that the Civil Aeronautics Board proposes to amend Part 60 of the Civil Air Regulations as hereinafter set forth.

Interested persons may participate in the making of the proposed rules by submitting such written data, views, or arguments as they may desire. Communications should be submitted in duplicate to the Civil Aeronautics Board, attention Bureau of Safety, Washington 25, D. C. In order to insure their consideration by the Board before taking further action on the proposed rules, all communications must be received by September 3, 1957. Copies of such communications will be available after September 5, 1957 for examination by interested persons at the Docket Section of the Board, Room 5412, Department of Commerce Building, Washington, D. C.

Airspace, which is a national resource, is rapidly diminishing to the point where it is no longer easy to meet the needs of users by merely allocating airspace previously undisturbed by other users. The growing operational needs, which vary in type and purpose, of various users of the airspace have created increasing problems in resolving conflicts in the allocation of airspace to accommodate such needs. In the past seven years civil airway mileage has doubled, the number of airspace reservations for military purposes has increased more than 50 percent, and the high performance characteristics of modern aircraft and increasing traffic density require the use of far more airspace than in the past. Growing conflicts between the establishment of airways and actual or contemplated military training and practice areas have made designation of airspace time-consuming and contentious.

It is now apparent that appropriate authority must determine which of the users of the airspace has superior need

for the airspace in issue. The problem of diminishing airspace has become so acute that the Government can no longer accommodate all of the needs of individual users and must judiciously weigh the interests of all users to determine what is most in the public interest.

The Civil Aeronautics Board has the statutory responsibility for establishing special airspace restrictions to assure safety of aircraft in flight. This authority has been delegated to the Administrator in § 60.13a of the Civil Air Regulations in order to correlate the use of restricted airspace with his statutory responsibility to designate airways and because his administrative organization can effectively cope with the needs of local users of airspace.

Heretofore, the Administrator has been assisted in the performance of this duty by the Airspace Panel of the Air Coordinating Committee which is empowered to coordinate proposals and make recommendations on the use of airspace. However, unanimous approval of the panel members has been required before affirmative action on any proposal could be taken. Although this administrative machinery has been able to resolve many problems in the past, it is now apparent that it cannot cope with the complex problem of diminishing airspace on the one hand and increased need for airspace on the other. Compromises resulting from the need to obtain unanimous agreement before action could be taken have not always been in the public interest.

Accordingly, in order to clarify the Administrator's authority and to facilitate performance of his duties in the allocation and equitable utilization of airspace, it is proposed to amend § 60.13a of Part 60 of the Civil Air Regulations to specify more exactly the intention of the Board in delegating authority to the Administrator to designate, modify, or revoke restricted areas. Such restricted areas will be designated pursuant to public rule-making procedures in conformity with the Administrative Procedure Act. The Board, however, on its own initiative may review the action of the Administrator.

It is also proposed to modify the military exception clause contained in § 60.1 of Part 60 of the Civil Air Regulations. Except for certain urgent and immediate military operations which are required as a result of intelligence of activity or impending acts inimical to the United States, the military is being precluded from exercising its military exception authority without prior approval from the Administrator.

The proposed amendment clarifies the intent of the Board in providing for deviation from the Air Traffic Rules by aircraft of the Armed Forces. This provision was originally intended to relieve military aircraft from compliance with rules of Part 60 in performing certain specific missions which could not be accomplished under the prescribed rules, and, of course, to allow complete freedom of action in the defense of the United States. It was never intended that this section would be used to justify noncompliance with Air Traffic Rules in such operations as continuing training activities. The proposed amendment is designed to enable the military to conduct operations necessary to the immediate national defense, but to require prior approval by the Administrator with respect to other areas of operation.

In view of the foregoing, notice is hereby given that the Board proposes to amend Part 60 of the Civil Air Regulations as follows:

1. By amending § 60.1 (a) to read as follows:

§ 60.1 *Scope.* * * *

(a) Military aircraft of the United States Armed Forces when compliance with this part has been waived by the Administrator, or, when appropriate military authority determines that noncompliance is necessary to permit urgent and immediate military operation required as a result of intelligence of actual or impending acts inimical to the United States.

2. By amending § 60.13a to read as follows:

§ 60.13a *Authority for designation of restricted areas by the Administrator.* Upon petition of any interested party or upon his own motion, the Administrator is authorized to designate restricted areas when he finds such action necessary to assure the safety of aircraft in flight. The Administrator may impose such terms, conditions, and limitations as he may deem necessary, and may modify or revoke such designation where required in the public interest. The Board upon its own initiative may review any action of the Administrator taken pursuant to its delegation of authority of this section.

These amendments are proposed under the authority of Title VI of the Civil Aeronautics Act of 1938, as amended. The proposal may be changed in the light of comments received in response to this notice of proposed rule making.

(Sec. 205 (a), 52 Stat. 984; 49 U. S. C. 425 (a). Interpret or apply secs. 601–610, 52 Stat. 1007–1012, as amended; 49 U. S. C. 551–560)

Dated at Washington, D. C., July 29, 1957.

By the Civil Aeronautics Board.

[SEAL] M. C. MULLIGAN, *Secretary.*

[F. R. Doc. 57-6423; Filed, Aug. 2, 1957; 9:02 a. m.]

NOTICES

DEPARTMENT OF THE TREASURY

United States Coast Guard

[CGFR 57-37]

APPROVAL OF EQUIPMENT AND CHANGE IN NAME OF MANUFACTURER

By virtue of the authority vested in me as Commandant, United States Coast Guard, by Treasury Department Order No. 120, dated July 31, 1950 (15 F. R. 6521), and Treasury Department Order 167–14, dated November 26, 1954 (19 F. R. 8026), and in compliance with the authority cited with each item of equipment: *It is ordered,* That:

(a) All the approvals listed in this document which extend approvals previously published in the FEDERAL REGISTER are prescribed and shall be in effect for a period of five years from their respective dates as indicated at the end of each approval, unless sooner canceled or suspended by proper authority; and,

(b) All the other approvals listed in this document (which are not covered by paragraph (a) above) are prescribed and shall be in effect for a period of five years from the date of publication of this document in the FEDERAL REGISTER, unless sooner canceled or suspended by proper authority; and

(c) The change in the name of the manufacturer of approved equipment shall be made as indicated below.

CLEANING PROCESS FOR LIFE PRESEVERS

NOTE: When buoyancy fillers are not removed from envelope covers during cleaning process.

Approval No. 160.006/21/0, Overall cleaning process for kapok life preservers, as outlined in letter of April 1, 1952, from Overall Cleaning and Supply Co., 220 Yale Avenue, North, Seattle 9, Wash. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, 4426, 4481, 4482, 4488, 4491, 4492, as amended, sec. 11, 35 Stat. 428, secs. 1, 2, 49 Stat. 1544, secs. 6, 17, 54 Stat. 164, 166, and sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 474, 475, 481, 489, 490, 396, 367, 526e, 526p, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.006)

BUOYANT APPARATUS

Approval No. 160.010/17/1, 5.0' x 2.5' (7½'' x 9'' body section) elliptical, solid balsa wood buoyant apparatus, 5-person capacity, dwg. No. 31052 and specifications, dated March 10, 1952, manufactured by the Atlantic-Pacific Manufacturing Corp., 124 Atlantic Ave., Brooklyn 2, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended,

4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, secs. 6 and 17, 54 Stat. 164, 166, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 367, 526e, 526p, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.010)

LIGHTS, WATER: SELF-IGNITING (CALCIUM CARBIDE-CALCIUM PHOSPHIDE TYPE)

Approval No. 160.012/4/0, Life-Lite, self-igniting water light (calcium chloride-calcium phosphide type), dwg. No. DL-1, Sheets 1 and 2, Rev. B dated January 9, 1957, manufactured by Harbak, Inc., 20th Street and Long Island Avenue, Wyandanch, N. Y.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4426, as amended, 4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 404, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.012)

LIFEBOAT WINCHES

Approval No. 160.015/28/1, Type B-200 lifeboat winch, approval is limited to mechanical components and for a maximum working load of 20,000 pounds pull at the drums (10,000 pounds per fall), identified by general arrangement dwg. No. 2657 dated May 14, 1945, and revised April 8, 1957, manufactured by Welin Davit and Boat Division of Continental Copper & Steel Industries, Inc., Perth Amboy, N. J. (Reinstates and supersedes Approval No. 160.015/28/0 terminated in FEDERAL REGISTER October 1, 1952.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, sec. 11, 35 Stat. 428, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 396, 367; 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.015)

LAMPS, SAFETY, FLAME

Approval No. 160.016/3/1, Wolf Brass Naptha Burning, Key Lock, Flame Safety Lamp, dwg. No. W-307 dated April 2, 1956, manufactured by Wolf Safety Lamp Co. of America, Inc., 227 Grand Avenue, Brooklyn 5, N. Y. (Supersedes Approval No. 160.016/3/0 published in FEDERAL REGISTER October 1, 1952.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, sec. 3, 54 Stat. 346, as amended, secs. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.016)

SIGNALS, DISTRESS, PISTOL-PROJECTED PARACHUTE RED FLARE

Approval No. 160.024/2/1, Aluminum Shell No. 52 pistol-projected parachute red flare distress signal, assembly dwg. No. MS-11, Rev. 5 dated April 8, 1957, manufactured by Kilgore, Inc., International Flare Signal Division, Westerville, Ohio. (Supersedes Approval No. 160.024/2/0 published in FEDERAL REGISTER October 1, 1952.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402; 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.024)

CONTAINERS, EMERGENCY PROVISIONS AND WATER

Approval No. 160.026/28/0, Container for emergency drinking water, dwg. dated March 1957, packed by Lord-Mott Co., Inc., foot of Fell Street, Baltimore 3, Md., for MacDonald-Bernier Co., 30 Huntington Avenue, Boston, Mass.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, sec. 11, 35 Stat. 428, as amended, secs. 1 and 2, 49 Stat. 1544, as amended; sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 396, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.026)

SIGNAL PISTOLS FOR PARACHUTE RED FLARE DISTRESS SIGNALS

Approval No. 160.028/6/3, Signal pistol, dwg. Nos. SP-100 revised April 6, 1957, and SP-150 revised May 31, 1956, manufactured by Signal Pyrotechnic Co., 4041 Whiteside Street, Los Angeles 63, Calif. (Supersedes Approval No. 160.028/6/2 published in FEDERAL REGISTER December 4, 1956.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.028)

DAVITS, LIFEBOAT

Approval No. 160.032/127/0, mechanical davit, straight boom sheath screw, size A-5-6, approved for maximum working load of 5,000 pounds per set (2,500 pounds per arm) using 2-part falls, identified by general arrangement dwg. No. G-458, revised March 27, 1952, manufactured by C. C. Galbraith & Son, Inc., 99 Park Place, New York 7, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4481, as amended, 4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c) 68 Stat. 676; 46 U. S. C. 391a, 404, 474, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Cum. Supp.; 46 CFR 160.032)

HAND-PROPELLING GEAR, LIFEBOAT

Approval No. 160.034/10/2, Type X, hand-propelling gear identified by assembly dwg. No. 99-2, revision B dated April 12, 1957, manufactured by Marine Safety Equipment Corp., Point Pleasant, N. J. (Reinstates and supersedes Approval No. 160.034/10/1 terminated in FEDERAL REGISTER December 4, 1956.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.034)

LIFEBOATS

Approval No. 160.035/361/0, 30.0′ x 10.0′ x 4.13′ aluminum, oar-propelled, lifeboat, 83-person capacity, identified by general arrangement and construction dwg. No. 80125 dated November 29, 1956, and revised February 13, 1957, manufactured by Welin Davit and Boat Division of Continental Copper & Steel Industries, Inc., Perth Amboy, N. J.

Approval No. 160.035/362/0, 24.0′ x 7.75′ x 3.33′ steel, hand-propelled lifeboat, 40-person capacity, identified by construction and arrangement dwg. No. 80119, dated November 7, 1956, and revised March 18, 1957, manufactured by Welin Davit and Boat Division of Continental Copper & Steel Industries, Inc., Perth Amboy, N. J.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4481, as amended, 4488, as amended, 4491, as amended, 4492, as amended, sec. 11, 35 Stat. 428, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 474, 481, 489, 490, 396, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.035)

BUOYANT CUSHIONS, KAPOK OR FIBROUS GLASS

NOTE: Approved for use on motorboats of Classes A, 1, or 2 not carrying passengers for hire.

Approval No. 160.048/74/0, group approval for rectangular and trapezoidal kapok buoyant cushions, U. S. C. G. Specification Subpart 160.048, sizes and weights of kapok filling to be as per Table 160.048-4 (c) (1) (i), manufactured by Geneva Upholstering Co., Lake Geneva, Wis.

Approval No. 160.048/85/1, group approval for rectangular and trapezoidal kapok buoyant cushions, U. S. C. G. Specification Subpart 160.048, sizes and weights of kapok filling to be as per Table 160.048-4 (c) (1) (i), manufactured by The Hettrick Manufacturing Co., Statesville, N. C. (Supersedes Special Approval No. 160.048/85/0 published in FEDERAL REGISTER May 29, 1957.)

Approval No. 160.048/97/0, special approval for 15½″ x 25″ x 2″ rectangular kapok buoyant cushion, 34 oz. kapok, U. S. C. G. Specification Subpart 160.048, manufactured by Sound Mattress & Felt Co., P. O. Box 1505, Tacoma 1, Wash.

Approval No. 160.048/98/0, special approval for 15″ x 15″ x 2″ rectangular kapok buoyant cushion, 20 oz. kapok, U. S. C. G. Specification Subpart 160.048, manufactured by Kiltie Manufacturing Co., 5160 West Thompson Street, Philadelphia, Pa.

Approval No. 160.048/99/0, special approval for 15″ x 15″ x 2″ rectangular kapok buoyant cushion, 20 oz. kapok, U. S. C. G. Specification Subpart 160.048, manufactured by The American Pad & Textile Co., Greenfield, Ohio, for G. C. Murphy Co., 531 Fifth Avenue, McKeesport, Pa.

(R. S. 4405, as amended, 4462, as amended; 46 U. S. C. 375, 416. Interpret or apply secs. 6, 17, 54 Stat. 164, 166, as amended; 46 U. S. C. 526e, 526p; 46 CFR 160.048)

TELEPHONE SYSTEMS, SOUND POWERED

Approval No. 161.005/50/0, sound powered telephone station, selective ringing, common talking, bulkhead mounting, watertight, deep box cover for stowage of 50 ft. handset cord, with attached 3", 6" or 8" hand generator bell, Type 8WB, 8 stations maximum and Type 17WB, 17 stations maximum, dwg. No. B-171-1, Alt. 1; dated August 2, 1956, manufactured by Sig-Trans, Inc., Haverhill Road, Amesbury, Mass.

(R. S. 4405, as amended, and 4462, as amended; 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4418, as amended, 4426, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, sec. 3, 54 Stat. 346, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 392, 404, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 113.30-25 (a))

FLASHLIGHTS, ELECTRIC, HAND

Approval No. 161.008/9/0, Model F-91X, watertight and explosion-proof flashlight, Types I and II, size No. 3 (3-cell), identified by assembly dwg. No. C-1108 dated April 11, 1952, manufactured by Stewart R. Browne Manufacturing Co., Inc., 258 Broadway, New York 7, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

Approval No. 161.008/10/0, Model F-81X, watertight and explosion-proof flashlight, Types I and II, size No. 2 (2-cell), identified by assembly dwg. No. G-1108 dated April 11, 1952, manufactured by Stewart R. Browne Manufacturing Co., Inc., 258 Broadway, New York 7, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, secs. 1, 2, 49 Stat. 1544, as amended, and sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 161.008)

SAFETY VALVES (POWER BOILERS)

Approval No. 162.001/181/0, Series 100 cast-steel body safety valve, 600 p. s. i. maximum pressure, 450° F. maximum temperature, dwg. No. D-100 dated July 27, 1951, approved for sizes 1½", 2", 2½", 3" and 4", manufactured by Marine & Industrial Products Co., 3731-35 Filbert Street, Philadelphia 4, Pa. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

Approval No. 162.001/182/0, Series 110 cast-steel body safety valve, 600 p. s. i. maximum pressure, 450° F. maximum temperature, dwg. No. D-110 dated July 27, 1951, approved for sizes 1½", 2", 2½", 3" and 4", manufactured by Marine & Industrial Products Co., 3731-35 Filbert Street, Philadelphia 4, Pa. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4418, as amended, 4426, as amended, 4433, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 392, 404, 411, 489, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 162.001)

FIRE EXTINGUISHERS, PORTABLE, HAND, VAPORIZING LIQUID TYPE

Approval No. 162.004/30/1, National Model NBF (Symbol BU), 1-qt. carbon tetrachloride type hand portable fire extinguisher, assembly dwg. No. 10-5, Rev. E dated January 8, 1957, name plate dwg. No. 3300 dated December 27, 1946 (Coast Guard classification: Type B, Size I; and Type C, Size I), manufactured by Buffalo Fire Appliance Corp., Dayton 1, Ohio, for National Foam System, Inc., Union and Adams Streets, West Chester, Pa. (Supersedes Approval No. 162.004/30/0 published in FEDERAL REGISTER July 31, 1947.)

Approval No. 162.004/31/1, National Model NBF (Symbol BU), 1½-qt. carbon tetrachloride type hand portable fire extinguisher, assembly dwg. No. 11-5, Rev. E dated January 8, 1957, name plate dwg. No. 3300 dated December 27, 1946 (Coast Guard classification: Type B, Size I; and Type C, Size I), manufactured by Buffalo Fire Appliance Corp., Dayton 1, Ohio, for National Foam System, Inc., Union and Adams Streets, West Chester, Pa. (Supersedes Approval No. 162.004/31/0 published in FEDERAL REGISTER July 31, 1947.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4479, as amended, 4491, as amended, 4492, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, secs. 8 and 17, 54 Stat. 165, 166, as amended; sec. 3, 54 Stat. 346, as amended; sec. 2, 54 Stat. 1028, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 472, 489, 490, 367, 526g, 526p, 1333, 463a, 50 U. S. C. 198; 46 CFR 25.30, 34.25, 76.50, 95.50)

FIRE EXTINGUISHERS, PORTABLE, HAND, CARBON-DIOXIDE TYPE

Approval No. 162.005/44/1, Alfite Speedex-15A, 15-lb. carbon dioxide type hand portable fire extinguisher, assembly dwg. No. 28X-1744, Rev. D dated July 15, 1949, name plate dwg. No. 28X-844, Rev. S' dated May 3, 1957 (Coast Guard classification: Type B, Size II; and Type C, Size II), manufactured by American La France Corp., Elmira, N. Y. (Supersedes Approval No. 162.005/44/0 published in FEDERAL REGISTER July 17, 1952.)

Approval No. 162.005/86/0, Model 15HG, 15-lb. carbon dioxide type hand portable fire extinguisher, assembly dwg. No. 4-530130, Sheet 1, Rev. A dated March 11, 1953, name plate dwg. No. 4-530130, Sheet 2, Rev. A dated March 15, 1953 (Coast Guard classification: Type B, Size II; and Type C, Size II), manufactured by McGinnis Marine Service, 1435 East Northlake, Seattle 5, Wash.

Approval No. 162.005/87/0, Model 5HG, 5-lb. carbon dioxide type hand portable fire extinguisher, assembly dwg. No. 4-530130, Sheet 1, Rev. A dated March 11, 1953, name plate dwg. No. 4-530130, Sheet 2, Rev. A dated March 15, 1953 (Coast Guard classification: Type B, Size I; and Type C, Size I), manufactured by McGinnis Marine Service, 1435 East Northlake, Seattle 5, Wash.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4479, as amended, 4491, as amended, 4492, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, secs. 8 and 17, 54 Stat. 165, 166, as amended, sec. 3, 54 Stat. 346, as amended, sec. 2, 54 Stat. 1028, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 472, 489, 490, 367, 526g, 526p, 1333, 463a, 50 U. S. C. 198; 46 CFR 25.30, 34.25, 76.50, 95.50)

FIRE EXTINGUISHERS, PORTABLE, HAND, DRY-CHEMICAL TYPE

Approval No. 162.010/5/1, Kidde Model 20, 20-lb. dry chemical type hand portable fire extinguisher, assembly dwg. No. 890047, Rev. N dated June 7, 1957, name plate dwg. No. 270127, Rev. L dated July 16, 1956 (Coast Guard classification: Type B, Size II; and Type C, Size II), manufactured by Walter Kidde & Co., Inc., Belleville 9, N. J. (Supersedes Approval No. 162.010/5/0 published in FEDERAL REGISTER June 14. 1952.)

Approval No. 162.010/6/1, Kidde Model 30, 30-lb. dry chemical type hand portable fire extinguisher, assembly dwg. No. 890048, Rev. J dated June 11, 1957, name plate dwg. No. 270141, Rev. J dated July 16, 1956 (Coast Guard classification: Type B, Size II; and Type C, Size II), manufactured by Walter Kidde & Co., Inc., Belleville 9, N. J. (Supersedes Approval No. 162.010/6/0 published in FEDERAL REGISTER June 14, 1952.)

Approval No. 162.010/42/0, C-O-Two Model No. PDC-5PB, 5-lb. dry chemical stored pressure type hand portable fire extinguisher, assembly dwg. No. 29-1, Rev. C dated March 21, 1956, instruction plate dwg. No. 6633, Rev. A dated January 3, 1957 (Coast Guard classification: Type B, Size I; and Type C, Size I), manufactured by Fyr-Fyter Division, The Fyr-Fyter Co., Dayton 1, Ohio, for Pyrene-C-O-Two Division, The Fyr-Fyter Co., P. O. Box 750, Newark 1, N. J.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4479, as amended, 4491, as amended, 4492, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, secs. 8 and 17, 54 Stat. 165, 166, as amended, sec. 3, 54 Stat. 346, as amended; sec. 2, 54 Stat. 1028, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 472, 489, 490, 367, 526g, 526p, 1333, 463a, 50 U. S. C. 198; 46 CFR 25.30, 34.25, 76.50, 95.50)

GAUGING DEVICE, LIQUID LEVEL, LIQUEFIED COMPRESSED GAS

Approval No. 162.019/2/2, Model No. 62B liquid level gauge for liquefied compressed gas service, dwg. No. 107, Sheets 1-18, Rev. 10, dated March 12, 1957, manufactured by Metal Goods Manufacturing Co., 106-110 South Park Avenue, Bartlesville, Okla. (Supersedes Approval No. 162.019/2/1, published in the FEDERAL REGISTER October 6, 1954.)

(R. S. 4405, as amended, 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4491, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 489, 50 U. S. C. 198; 46 CFR Part 38)

APPLIANCES, LIQUEFIED PETROLEUM GAS CONSUMING

Approval No. 162.020/101/0, Model No. 44–40 range for liquefied petroleum gas service approved by the American Gas Association, Inc., under Certificate No. 11–75–1.001, manufactured by Welbilt Corp., Detroit Division, 6900 East Jefferson Avenue, Detroit 31, Mich.

Approval No. 162.020/102/0, Model No. 45–40 range for liquefied petroleum gas service approved by the American Gas Association, Inc., under Certificate No. 11–75–4.001, manufactured by Welbilt Corp., Detroit Division, 6900 East Jefferson Avenue, Detroit 31, Mich.

Approval No. 162.020/103/0, Model No. 46–40 range for liquefied petroleum gas service approved by the American Gas Association, Inc., under Certificate No. 11–(73–1.2 & –3.2).001, manufactured by Welbilt Corp., Detroit Division, 6900 East Jefferson Avenue, Detroit 31, Mich.

Approval No. 162.020/104/0, Model No. 47–40 range for liquefied petroleum gas service approved by the American Gas Association, Inc., under Certificate No. 11–(73–1.2 & –3.2).001, manufactured by Welbilt Corp., Detroit Division, 6900 East Jefferson Avenue, Detroit 31, Mich.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4491, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, sec. 2, 54 Stat. 1028, as amended; 46 U. S. C. 391a, 404, 489, 367, 463a, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 55.16–10)

DECK COVERING

Approval No. 164.006/28/0, "LORALITE," Magnesite type deck covering identical to that described in National Bureau of Standards Test Report No. TG10210–1826:FP3121 dated April 1, 1952, approved for use without other insulating material to meet Class A–60 requirements in a 1½-inch thickness, manufactured by Lorentzen Co., 2207 Market Street, Oakland, Calif. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417, as amended, 4417a, as amended, 4418, as amended, 4426, as amended, sec. 5, 49 Stat. 138, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 2, 54 Stat. 1028, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391, 391a, 392, 404, 369, 367, 1333, 463a, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 164.006)

STRUCTURAL INSULATION

Approval No. 164.007/6/1, "BX Spuntex," mineral wool type structural insulation identical to that described in National Bureau of Standards Test Report No. TG–3619–36; FR–1404 dated May 17, 1939, bats and blankets approved for use without other insulating material to meet Class A–60 requirements in a 3-inch thickness and 8 pounds per cubic foot density, and a 4-inch thickness and 6 pounds per cubic foot density, manufactured by Johns-Manville Sales Corp., 22 East 40th Street, New York 16, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

Approval No. 164.007/7/1, "#450 Cement," mineral wool cement type structural insulation identical to that described in National Bureau of Standards Test Report No. TG–3619B; FR–1466B dated July 7, 1939, approved for use without other insulating material to meet Class A–60 requirements in a 3½-inch thickness and 30 pounds per cubic foot density, manufactured by Johns-Manville Sales Corp., 22 East 40th Street, New York 16, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

Approval No. 164.007/9/1, "Banroc 202AA," mineral wool type structural insulation identical to that described in National Bureau of Standards Test Report No. TG–3619–36; FR–1404 dated May 17, 1939, blankets with asbestos paper facings approved for use without other insulating materials to meet Class A–60 requirements in a 3-inch thickness and 16 pounds per cubic foot density, manufactured by Johns-Manville Sales Corp., 22 East 40th Street, New York 16, N. Y. (Extension of the approval published in FEDERAL REGISTER June 14, 1952, effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, sec. 5, 49 Stat. 1384, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, sec. 2, 54 Stat. 1028, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 369, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 72.05, 92.05)

INCOMBUSTIBLE MATERIALS

Approval No. 164.009/44/0, Fiberglass insulation AF–310 through AF–320 inclusive, glass wool insulation type incombustible material in ½ to 1 pound per cubic foot density, identical to that described in Commandant, U. S. Coast Guard letter dated May, 1957, file JJ/164.009/44; manufactured by Owens-Corning Fiberglass Corp., Toledo 1, Ohio.

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417, as amended, 4417a, as amended, 4418, as amended, 4426, as amended, sec. 5, 49 Stat. 1384, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, sec. 2, 54 Stat. 1028, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391, 391a, 392, 404, 369, 367, 1333, 463a, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 164.009)

CHANGE IN NAME OF MANUFACTURER

It is requested that the current listing of L. P. G. ranges manufactured by Detroit-Michigan Stove Co. be revised because of the change in name of the manufacturer from Detroit-Michigan Stove Co. to Welbilt Corp., Detroit Division.

Dated: July 30, 1957.

[SEAL] A. C. RICHMOND,
Vice Admiral, U. S. Coast Guard, Commandant.

[F. R. Doc. 57–6371; Filed, Aug. 2, 1957; 8:50 a. m.]

[CGFR 57–38]

TERMINATION OF APPROVAL OF EQUIPMENT

By virtue of the authority vested in me as Commandant, United States Coast Guard, by Treasury Department Order No. 120, dated July 31, 1950 (15 F. R. 6521), and Treasury Department Order 167–14, dated November 26, 1954 (19 F. R. 8026), and in compliance with the authority cited with each item of equipment, the following approvals of equipment are terminated because (1) the manufacturer is no longer in business; or (2) the manufacturer does not desire to retain the approval; or (3) the item is no longer being manufactured; or (4) the item of equipment no longer complies with present Coast Guard requirements; or (5) the approval has expired. Except for those approvals which have expired, all other terminations of approvals made by this document shall be made effective upon the thirty-first day after the date of publication of this document in the FEDERAL REGISTER. Notwithstanding this termination of approval of any item of equipment as listed in this document, such equipment in service may be continued in use so long as such equipment is in good and serviceable condition.

LIFEBOAT WINCHES

Termination of Approval No. 160.015/23/1, Type B135 lifeboat winch, approval is limited to mechanical components and for a maximum working load of 13,500 pounds pull at the drums (6,750 pounds per fall), identified by general arrangement dwg. No. 2105–7 dated May 15, 1951, and revised July 19, 1951, manufactured by Welin Davit and Boat Division of Continental Copper & Steel Industries, Inc., Perth Amboy, N. J. (Approved FEDERAL REGISTER June 14, 1952. Termination of approval effective June 14, 1957.)

Termination of Approval No. 160.015/57/0, Type H21G lifeboat winch, approved for a maximum working load of 2,100 pounds pull at the drums (1,050 pounds per fall), identified by general arrangement dwg. No. 3337 dated July 6, 1950, and revised April 11, 1952, manufactured by Welin Davit and Boat Division of Continental Copper & Steel Industries, Inc., Perth Amboy, N. J. (Approved FEDERAL REGISTER June 14, 1952. Termination of approval effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, sec. 11, 35 Stat. 428, as amended, and secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 396, 367; 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.015)

CONTAINERS, EMERGENCY PROVISIONS AND WATER

Termination of Approval No. 160.026/22/0, container for emergency drinking water, dwg. dated March 1953, manufactured by MacDonald-Bernier Co., 30 Huntington Avenue, Boston, Mass. (Approved FEDERAL REGISTER May 19, 1953.)

Termination of Approval No. 160.026/25/0, container for emergency provisions, dwg. dated April 2, 1954, manufactured by MacDonald-Bernier Co., 30 Huntington Avenue, Boston, Mass. (Approved FEDERAL REGISTER Jan. 18, 1955.)

Termination of Approval No. 160.026/26/0, container for emergency provisions (half-ration), dwg. dated April 2, 1954, manufactured by MacDonald-Bernier Co., 30 Huntington Avenue, Boston, Mass. (Approved FEDERAL REGISTER Jan. 18, 1955.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4488, as amended, 4491, as amended, sec. 11, 35 Stat. 428, as amended, secs. 1 and 2, 49 Stat. 1544, as amended; sec. 3, 54 Stat. 346, as amended, sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 481, 489, 396, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.026)

LIFEBOATS

Termination of Approval No. 160.035/277/0, 20.0' x 6.5' x 2 6' aluminum oar-propelled lifeboat, 20-person capacity, identified by general arrangement and construction dwg. No. 51-2020 dated January 9, 1951, and revised April 23, 1952, manufactured by Lane Lifeboat & Davit Corp., 8920 26th Avenue, Brooklyn 14, N. Y. (Approved FEDERAL REGISTER June 14, 1952. Termination of approval effective June 14, 1957.)

Termination of Approval No. 160.035/278/0, 30.0' x 10.0' x 4.13' aluminum, hand-propelled lifeboat, 70-person capacity, identified by construction and arrangement dwg. No. 3367 dated June 15, 1951, manufactured by Welin Davit and Boat Division of Continental Copper & Steel Industries, Inc., Perth Amboy, N. J. (Approved FEDERAL REGISTER June 14, 1952. Termination of approval effective June 14, 1957.)

(R. S. 4405, as amended, and 4462, as amended, 46 U. S. C. 375, 416. Interpret or apply R. S. 4417a, as amended, 4426, as amended, 4481, as amended, 4488, as amended, 4491, as amended, 4492, as amended, sec. 11, 35 Stat. 428, as amended, secs. 1 and 2, 49 Stat. 1544, as amended, sec. 3, 54 Stat. 346, as amended, and sec. 3 (c), 68 Stat. 676; 46 U. S. C. 391a, 404, 474, 481, 489, 490, 386, 367, 1333, 50 U. S. C. 198; E. O. 10402, 17 F. R. 9917, 3 CFR, 1952 Supp.; 46 CFR 160.035)

Dated: July 30, 1957.

[SEAL] A. C. RICHMOND,
Vice Admiral, U. S. Coast Guard, Commandant.

[F. R. Doc. 57-6370; Filed, Aug. 2, 1957; 8:50 a. m.]

DEPARTMENT OF AGRICULTURE

Office of the Secretary

MISSOURI

SALE OF MINERAL INTERESTS; AREA DESIGNATION

Pursuant to the authority contained in Public Law 760, 81st Congress (64 Stat. 769), the County of Cape Girardeau in the State of Missouri is hereby designated as an area in which mineral interests covered by a single application may be sold for their fair market value.

Done at Washington, D. C., this 31st day of July 1957.

[SEAL] TRUE D. MORSE,
Acting Secretary.

[F. R. Doc. 57-6384; Filed, Aug. 2, 1957; 8:53 a. m.]

TEXAS

EXTENSION OF DESIGNATION OF COUNTIES FOR PURPOSE OF MAKING PRODUCTION EMERGENCY LOANS

For the purpose of making Production Emergency loans pursuant to section 2 (a) of Public Law 38, 81st Congress (12 U. S. C. 1148a-2 (a)), the period for making initial Production Emergency loans authorized in the Acting Secretary's order of September 12, 1956 (21 F. R. 7010), in the counties listed below is extended without limitation until further notice.

TEXAS

Coke.	Knox.
Foard.	Midland.
Haskell.	Wilbarger.
Jones.	

Done at Washington, D. C., this 31st day of July, 1957.

[SEAL] TRUE D. MORSE,
Acting Secretary.

[F. R. Doc. 57-6383; Filed, Aug. 2, 1957; 8:52 a. m.]

DEPARTMENT OF COMMERCE

Federal Maritime Board

[Docket No. 823]

HAZEL ATLAS GLASS CO. AND INGE & CO.; CLASSIFICATION AND BILLING OF GLASS TUMBLERS AS EMPTY GLASS JARS

NOTICE OF INVESTIGATION AND OF HEARING

On July 25, 1957, the Federal Maritime Board entered the following order:

There being under consideration certain shipments of glassware to foreign destinations during the year 1954 and thereafter by Hazel Atlas Glass Company, a shipper, and Inge & Company, a forwarder, subject to the Shipping Act, 1916, as amended;

It appearing from information before the Federal Maritime Board that there is reason to institute an investigation to determine whether the aforementioned companies knowingly and willfully, directly or indirectly, by means of false billing, false classification, false weighing, false report of weight, or by any other unjust or unfair device, obtained or attempted to obtain transportation by water from the United States to Venezuela for glass tumblers, during 1954 and thereafter, at less than the rates or charges otherwise applicable, in violation of section 16 of said act;

It is ordered, That an investigation be and it is hereby instituted, upon the Board's own motion pursuant to section 22 of said act, into the lawfulness of such shipments under section 16 of said act, and that Hazel Atlas Glass Company and Inge & Company be and they are hereby made respondents in this proceeding;

And it is further ordered, That a copy of this order be published in the FEDERAL REGISTER, that copies of this order be served upon said respondents, and that this proceeding be assigned for hearing before an Examiner of the Board at a date and place to be fixed by the Chief Examiner.

Pursuant to the above order, notice is hereby given that a public hearing in this proceeding will be held before an examiner of the Board's Hearing Examiners' Office at a time and place to be hereafter determined and announced by the Chief Examiner. The hearing will be conducted in accordance with the Board's rules of practice and procedure, and a recommended decision will be issued by the examiner.

All persons (including individuals, corporations, associations, firms, partnerships, and public bodies), having an interest in this proceeding and desiring to intervene therein, should notify the Secretary of the Board on or before August 30, 1957, and should file petitions for leave to intervene in accordance with Rule 5 (n) of said rules of practice and procedure.

By order of the Federal Maritime Board.

Dated: July 31, 1957.

[SEAL] GEO. A. VIEHMANN,
Assistant Secretary.

[F. R. Doc. 57-6374; Filed, Aug. 2, 1957; 8:51 a. m.]

[Docket No. 824]

MARKT & HAMMACHER CO.; CLASSIFICATION AND BILLING OF CERTAIN MANUFACTURED GLASSWARE ITEMS AS GLASS BOTTLES AND/OR JARS

NOTICE OF INVESTIGATION AND OF HEARING

On July 25, 1957, the Federal Maritime Board entered the following order:

There being under consideration certain shipments to foreign destinations during the year 1956 by Markt & Hammacher Company, a shipper subject to the Shipping Act, 1916, as amended;

It appearing from information before the Federal Maritime Board that there is reason to institute an investigation to determine whether Markt & Hammacher Company knowingly and willfully, directly or indirectly, by means of false billing, false classification, or by any other unjust or unfair device or means, obtained or attempted to obtain transportation by water from the United States to Venezuela for casseroles and covers, juice extractors, mixing bowls, coffee mugs, and other manufactured glassware, during 1956, at less than the rates or charges otherwise applicable, in violation of section 16 of said act;

It is ordered, That an investigation be and it is hereby instituted, upon the Board's own motion pursuant to section 22 of said act, into the lawfulness of such shipments under section 16 of said act, and that Markt & Hammacher Company be and it is hereby made respondent in this proceeding;

And it is further ordered, That a copy of this order be published in the FEDERAL REGISTER; that a copy of this order be served upon said respondent, and that this proceeding be assigned for hearing before an Examiner of the Board at a date and place to be fixed by the Chief Examiner.

Pursuant to the above order, notice is hereby given that a public hearing in this proceeding will be held before an examiner of the Board's Hearing Examiners' Office at a time and place to be hereafter determined and announced by the Chief Examiner. The hearing will be conducted in accordance with the Board's rules of practice and procedure, and a recommended decision will be issued by the examiner.

All persons (including individuals, corporations, associations, firms, partnerships, and public bodies), having an interest in this proceeding and desiring to intervene therein, should notify the Secretary of the Board on or before August 30, 1957, and should file petitions for leave to intervene in accordance with Rule 5 (n) of said rules of practice and procedure.

By order of the Federal Maritime Board.

Dated: July 31, 1957.

[SEAL] GEO. A. VIEHMANN, *Assistant Secretary.*

[F. R. Doc. 57-6375; Filed, Aug. 2, 1957; 8:51 a. m.]

CIVIL AERONAUTICS BOARD

[Docket No. 8922]

RESORT AIRLINES, INC., AND HUGHES TOOL CO.

NOTICE OF HEARING

Notice is hereby given pursuant to the Civil Aeronautics Act of 1938, as amended, particularly sections 2, 205, and 408, of said act and the applicable regulations thereunder, that a public hearing in the above-entitled matter which involves a request by Resort Airlines, Inc., for approval by the Board of an agreement relating to the lease of certain aircraft by Resort to the Hughes Tool Company, is assigned to be held August 6, 1957, at 10:00 a. m., e. d. s. t., in Hearing Room 1011, Temporary Building No. 5, 16th Street and Constitution Avenue NW., Washington, D. C., before Examiner William J. Madden.

Dated at Washington, D. C., August 1, 1957.

[SEAL] FRANCIS W. BROWN, *Chief Examiner.*

[F. R. Doc. 57-6421; Filed, Aug. 2, 1957; 9:11 a. m.]

FEDERAL RESERVE SYSTEM

BRENTON COMPANIES

ORDER EXTENDING TIME FOR COMPLETION OF ACQUISITION OF VOTING SHARES OF SOUTH DES MOINES NATIONAL BANK

In the matter of the application of Brenton Companies for approval of acquisition of voting shares of South Des Moines National Bank, Des Moines, Iowa.

The above matter having come before the Board on the application of Brenton Companies, Des Moines, Iowa, dated January 10, 1957, filed pursuant to the provisions of section 3 (a) (2) of the Bank Holding Company Act of 1956, for prior approval of acquisition by Brenton Companies of direct ownership of 51 percent to 95 percent of a total of 2,000 voting shares of the proposed South Des Moines National Bank, Des Moines, Iowa, and it appearing after due consideration thereof in the light of the factors enumerated in section 3 (c) of the Bank Holding Company Act of 1956 that such application should be granted,

And such application having been granted pursuant to order of the Board, dated July 1, 1957 (22 F. R. 4767), provided the acquisition is completed within three months from the date of the Board's order,

It is hereby ordered, That the time in which such acquisition may be completed is extended to May 1, 1958.

Dated: July 29, 1957.

By order of the Board of Governors.

[SEAL] S. R. CARPENTER, *Secretary.*

[F. R. Doc. 57-6362; Filed, Aug. 2, 1957; 8:48 a. m.]

ATOMIC ENERGY COMMISSION

[Docket No. 50-68]

GENERAL ELECTRIC CO.

NOTICE OF ISSUANCE OF EXPORT LICENSE AUTHORIZING EXPORT OF RESEARCH REACTOR TO SPAIN

Please take notice that the Atomic Energy Commission on July 29, 1957, issued Export License No. XR-10 authorizing General Electric Company to export a research reactor to Spain. Notice of the proposed issuance of the export license was published in the FEDERAL REGISTER on July 11, 1957, 22 F. R. 4891.

A copy of the export license is on file in the AEC Public Document Room located at 1717 H Street NW., Washington, D. C.

Dated at Washington, D. C., this 29th day of July 1957.

For the Atomic Energy Commission.

H. L. PRICE, *Director, Division of Civilian Application.*

[F. R. Doc. 57-6352; Filed, Aug. 2, 1957; 8:46 a. m.]

[Docket No. 50-18]

GENERAL ELECTRIC CO.

NOTICE OF ISSUANCE OF FACILITY LICENSE

Please take notice that the Atomic Energy Commission on July 29, 1957, issued facility license No. CX-2 authorizing the General Electric Company to operate its Developmental Boiling Water Power Reactor, located in Alameda County, California, as a critical experiment facility. The license is substantially as set forth in the notice of proposed issuance published in the FEDERAL REGISTER on July 12, 1957, 22 F. R. 4919.

A copy of the license is on file in the AEC Public Document Room, located at 1717 H Street NW., Washington, D. C.

Dated at Washington, D. C., this 29th day of July, 1957.

For the Atomic Energy Commission.

H. L. PRICE, *Director, Division of Civilian Application.*

[F. R. Doc. 57-6353; Filed, Aug. 2, 1957; 8:46 a. m.]

[Docket No. 50-29]

YANKEE ATOMIC ELECTRIC CO.

NOTICE OF PROPOSED ISSUANCE OF CONSTRUCTION PERMIT

Please take notice that the Atomic Energy Commission proposes to issue a construction permit to Yankee Atomic Electric Company, substantially in the form set forth below unless within thirty (30) days after filing of this notice with the Federal Register Division a request for a formal hearing is filed with the Commission in the manner prescribed by § 2.102 (b) of the Commission's Rules of Practice (10 CFR Part 2). There is annexed a memorandum submitted by the Division of Civilian Application which summarizes the principal features of the proposed facility and the principal factors considered in reviewing the application for a license. For further details see the application for a license at the Commission's Public Document Room, 1717 H Street NW., Washington, D. C.

Dated at Washington, D. C., this 31st day of July 1957.

For the Atomic Energy Commission.

H. L. PRICE, *Director, Division of Civilian Application.*

CONSTRUCTION PERMIT

Yankee Atomic Electric Company, Boston, Massachusetts (hereinafter "Yankee"), on July 9, 1956, filed its application for license under section 104 (b) of the Atomic Energy Act of 1954 (hereinafter the "act") to construct and operate a nuclear reactor (hereinafter the "reactor"). Amendments to the application were filed on January 22, 1957, February 1, 1957, April 16, 1957 and July 19, 1957. The original application together with said amendments are hereinafter referred to as "the application."

Having considered the record in this matter, the Atomic Energy Commission (hereinafter the "Commission") has found that:

A. The reactor will be a utilization facility as defined in the Commission's regulations contained in Title 10, Chapter 1, CFR, Part 50, "Licensing of Production and Utilization Facilities."

B. Yankee proposes to utilize the reactor in the conduct of research and development activities leading to the demonstration of the practical value of that type of reactor for industrial and commercial purposes.

C. Yankee and its contractors, Westinghouse Electric Corporation and Stone & Webster Engineering Corporation, are technically qualified to design and construct the proposed reactor.

D. The Commission is satisfied that it has sufficient information to provide reasonable assurance that a reactor of the general type proposed can be constructed and operated at the proposed location without undue risk to the health and safety of the public; and that additional information required to complete the application will be supplied.

The Commission believes that the applicant has identified the subjects which should be further investigated and that the plans described for carrying out these investigations will produce the information which will be needed prior to approval of final design and operating procedures and conversion of this construction permit to a license.

In the meantime, the Commission believes that approval should be granted to the applicant to proceed with plant construction in accordance with plans and specifications submitted in his application, recognizing that these will be subject to change as a result of information to be developed later.

E. The issuance of a construction permit to Yankee will not be inimical to the common defense and security and to the health and safety of the public.

F. The evidence submitted by Yankee to date does not justify a finding with respect to the financial qualifications of Yankee and accordingly the continued effectiveness of this permit will be conditioned upon a further showing in this regard as stated below.

Pursuant to the Atomic Energy Act of 1954 and Title 10, CFR, Chapter 1, Part 50, "Licensing of Production and Utilization Facilities," the Commission hereby issues a construction permit to Yankee to construct the reactor as a utilization facility. This permit shall be deemed to contain and be subject to the conditions specified in §§ 50.54 and 50.55 of said regulations; is subject to all applicable provisions of the Atomic Energy Act of 1954 and rules, regulations and orders of the Atomic Energy Commission now or hereafter in effect; and is subject to any additional conditions specified or incorporated below:

A. The earliest date for the completion of the reactor is December 1959. The latest date for the completion of the reactor is June 1961. The term "completion date" as used herein means the date on which construction of the reactor is completed except for the introduction of the fuel material.

B. The site proposed for the location of the reactor is the location in Rowe, Massachusetts, described in the application.

C. The general type of facility authorized for construction is a pressurized light water-moderated and -cooled reactor to produce 134,000 kilowatts of electrical energy, as described in the application.

D. Unless, within twelve months from the date of this construction permit, Yankee submits sufficient information relating to its financial resources to enable the Commission to make a finding that the company has adequate financial resources to meet the requirements of the law and regulations, this permit shall expire; provided that the Commission may for good cause shown extend the time for the submission of such date.

This permit is provisional to the extent that a license authorizing operation of the reactor will not be issued by the Commission unless Yankee has submitted to the Commission (by proposed amendment to the application) the complete, final Hazards Summary Report (portions of which may be submitted and evaluated from time to time) and the Commission has found that the final design provides reasonable assurance that the health and safety of the public will not be endangered by operation of the reactor in accordance with the specified procedures.

Upon completion (as defined in Paragraph 1 above) of the construction of the facility in accordance with the terms and conditions of this permit, upon the filing of any additional information needed to bring the original application up to date, and upon a finding that the facility authorized has been constructed in conformity with the application as amended, and in conformity with the provisions of the act and the rules and regulations of the Commission and in the absence of any good cause being shown to the Commission why the granting of a license would not be in accordance with the act, the Commission will issue a Class 104 license to Yankee pursuant to section 104 (b) of the act, which license shall expire forty (40) years after the date of this construction permit.

Pursuant to § 50.50 of the regulations in Title 10, Chapter 1, CFR, Part 50, the Commission has allocated to Yankee for use in connection with the reactor, 6,052 kilograms of uranium 235 contained in uranium at the isotopic ratios specified in Yankee's application for the license. Estimated schedules of special nuclear material transfers to Yankee and returns to the Commission are contained in Appendix "A" which is attached hereto. Shipments by the Commission to Yankee in accordance with column 2 in Appendix "A" will be conditioned upon Yankee's return to the Commission of material substantially in accordance with column 3 of Appendix "A".

For the Atomic Energy Commission.

Director,
Division of Civilian Application.

APPENDIX A

TO

YANKEE ATOMIC ELECTRIC COMPANY CONSTRUCTION PERMIT

Estimated Schedule of Transfers of Special Nuclear Material From the Commission to Yankee and to the Commission From Yankee

(1) Date of transfer (fiscal year)	(2) Transfers from AEC to Yankee [a] kgs. U-235	(3) Returns by Yankee to AEC kilograms U-235		(4) Net yearly distribution kgs. U-235	(5) Cumulative distribution kgs. U-235
		Recoverable scrap [a]	Spent fuel [b]		
1960	710.66	--------	--------	710.06	710.06
1961	322.66	61.36	--------	261.30	971.36
1962	1,142.44	145.86	609.90	386.68	1,358.04
1963	356.98	28.34	230.85	97.79	1,455.83
1964	356.98	28.34	230.85	97.79	1,553.62
1965	713.96	56.68	461.70	195.58	1,749.20
1966	356.98	28.34	230.85	97.79	1,846.99
1967	713.96	56.68	461.70	195.58	2,042.57
1968	356.98	28.34	230.85	97.79	2,140.36
1969	713.96	56.68	461.70	195.58	2,335.94
1970	356.98	28.34	230.85	97.79	2,433.73
1971	356.98	28.34	230.85	97.79	2,531.52
1972	713.96	56.68	461.70	195.58	2,727.10
1973	356.98	28.34	230.85	97.79	2,824.89
1974	713.96	56.68	461.70	195.58	3,020.47
1975	356.98	28.34	230.85	97.79	3,118.26
1976	713.96	56.68	461.70	195.58	3,313.84
1977	356.98	28.34	230.85	97.79	3,411.63
1978	356.98	28.34	230.85	97.79	3,509.42
1979	713.96	56.68	461.70	195.58	3,705.00
1980	356.98	28.34	230.85	97.79	3,802.79
1981	713.96	56.68	461.70	195.58	3,998.37
1982	356.98	28.34	230.85	97.79	4,096.16
1983	713.96	56.68	461.70	195.58	4,291.74
1984	356.98	28.34	230.85	97.79	4,389.53
1985	356.98	28.34	230.85	97.79	4,487.32
1986	713.96	56.68	461.70	195.58	4,682.90
1987	356.98	28.34	230.85	97.79	4,780.69
1988	713.96	56.68	461.70	195.58	4,976.27
1989	356.98	28.34	230.85	97.79	5,074.06
1990	713.96	56.68	461.70	195.58	5,269.64
1991	356.98	28.34	230.85	97.79	5,367.43
1992	356.98	28.34	230.85	97.79	5,465.22
1993	713.96	56.68	461.70	195.58	5,660.80
1994	356.98	28.34	230.85	97.79	5,785.59
1995	713.96	56.68	461.70	195.58	5,954.17
1996	356.98	28.34	230.85	97.79	6,051.96
1997	--------	--------	692.55	(692.55)	5,359.41
1998	--------	--------	[c] 91.52	(91.52)	5,267.89

[a] 2.6 percent.
[b] 1.9 percent except for (c) which is 2.6 percent.

MEMORANDUM

PART I—DESCRIPTION OF THE FACILITY*

The Yankee Atomic Electric Company (Yankee) in its license application described a nuclear power station which it proposes to build and operate in Rowe, Massachusetts. The site is located at a point approximately three-quarters of a mile south of the Vermont-Massachusetts border on the Deerfield River adjacent to the Sherman hydroelectric station of the New England Power Company. The plant is ultimately expected to deliver 134 megawatts of electric power to the New England Power Company transmission system; however the initial core is designed to provide approximately 110 MW of net electrical output at full power.

The proposed pressurized water type thermal reactor will be light water cooled and moderated, and fueled with slightly enriched uranium dioxide. Water in the reactor and in the main coolant system is maintained at 2,000 psia, and will produce 520 psia saturated steam at the outlet of the steam generators. The secondary plant utilizes the steam in a single turbine-generator to generate the rated electrical output, and delivers the electric power to the area transmission system.

The Yankee reactor will be generally similar to the Pressurized Water Reactor (PWR) now nearing completion at Shippingport, Pa. Unique features of its design include the use of a neutron absorbing material (boron) dissolved in the reactor coolant to assist the control rods in holding the reactor sub-critical before the coolant has been heated to operating temperature and the existence of local boiling in parts of the core at full power. Large buildup of plutonium in the core during the long operating cycle is another feature of this reactor which warrants special consideration.

CORE

The fuel rods consist of 300 sintered uranium dioxide discs, 0.3 inch in diameter and 0.3 inch high, and having an initial U-235 concentration of 2.6 atom percent, stacked in a cylindrical stainless steel tube.

Approximately 305 fuel rods are assembled (by brazing or welding) in a square lattice with a center-to-center distance of 0.42 inches. Rods are omitted from the outside edges of the square pattern of the assembly as necessary to provide slots for the passage of the blades of the cruciform-shaped control rods. The fuel assemblies are loaded vertically upon the core support plate to form a uniformly enriched cylindrical core of 76 fuel assemblies. Total UO_2 mass is approximately 24,000 kilograms or 53,000 pounds.

CONTROL RODS

Control rods are of the neutron absorbing (poison) type. The rods are moved by drive shafts extending through the reactor vessel head on which the control drive mechanisms are mounted. Attached below the rods are extensions of low neutron absorption cross section material which act as guides and prevent the formation of a water hole in the core when the control rods are withdrawn from the fuel section of the core. The neutron absorbing material for the control rods

* The following sections describing the Yankee facility are derived and abstracted from the description contained in the applicant's preliminary hazard summary report. Where precise values or dimensions are listed, it should be recognized that they may be tentative, and represent only the best estimate of the values or dimensions at this time. For a more complete description, Part B of the applicant's license application, "Preliminary Hazards Summary Report" available in the Atomic Energy Commission's Public Document Room, should be consulted.

is tentatively specified as a silver-cadmium-indium alloy, and the control rod extensions will be fabricated of Zircalloy-2.

Under present plans, only 24 of the 32 cruciform slots in the reactor core will be used for control rods. Total worth of the 24 rods has been estimated at approximately 11 percent reactivity. The 8 remaining cruciform slots will be filled by fixed "shim" elements, which may be made up of neutron absorbing fuel, or inert material. If no reactivity from the shim elements is desired, they may be constructed of Zircalloy-2.

CONTROL DRIVE MECHANISMS

Each of the 24 control rods is moved by individual magnetic jack-type control drive mechanisms. Rod movement is programmed through a motor-driven controller. The gear train and the inherent speed limitation of the driving motor limit the speed of travel of the control rods such that reactivity cannot be added more rapidly than 1.03×10^{-4} delta K/K per second. This requires a minimum of 74 seconds to go from delayed to prompt critical. Control rods can be scrammed at any portion of the cycle by de-energizing the magnetic coils holding the control rod drive shafts in place, and permitting the control rod to fall by gravity. Position of the control rod is determined at all times by a magnetically operated pick-up. A prototype of the mechanism will be tested exhaustively prior to plant startup to determine its reliability under operating conditions.

REACTOR VESSEL

The reactor vessel is cylindrical in shape, with hemispherical ends, the top end being of the flanged removable type. It is approximately 31.5 feet in overall height by nine feet in internal diameter. The cylindrical portion of the vessel is made of carbon steel plate approximately 8 inches thick; the bottom head is 4 inches thick; and the reactor vessel is approximately 6¾ inches thick. All internal surfaces of the vessel in contact with coolant water are clad with type 304 stainless steel. The vessel will be designed and fabricated in accordance with ASME Boiler and Pressure Code, Section VIII. Design pressure is 2,500 psia and the design temperature is 650° F. Main coolant water enters the vessel through four inlet nozzles near the top, flows down through the thermal shield annuli, up through the core, and leaves the vessel through four outlet nozzles located at the same level as the inlet nozzles. Concentric cylindrical stainless steel thermal shields rest on local supports near the bottom of the vessel. The reactor vessel head is approximately hemispherical in shape, with a heavy flange for bolting to the reactor vessel flange. Leak tightness is secured by gaskets with provision for a backup seal weld. Control rod drive mechanisms are welded to the reactor vessel head.

CORE THERMAL, HYDRAULIC AND NUCLEAR PARAMETERS

The thermal and hydraulic design of the core is based on the following considerations:

1. Local boiling in the subcooled liquid is permissible in the core.
2. Bulk boiling is not permitted within the core.
3. The maximum heat flux in normal operation should not exceed 50 percent of the calculated burnout heat flux.
4. Hot channel factors take into account variations in dimensions, flow distribution, and neutron flux.

The hot channel factors between average and maximum values are 3.36 for the temperature rise through the core, 7.36 for the film drop, and 5.17 for the heat flux. Based on these factors the temperature of the coolant at the outlet of the hottest channel will be 599° F., or 37 F. under the saturation temperature at 2,000 psia. The maximum metal surface temperature is 642 F., 6 F. above the saturation temperature. Maximum heat flux is 4.49×10^5 BTU per square foot-hour. The hot channel factors also determine the maximum fuel pellet temperature of 4,500 F., 500 F. below the estimated melting point of UO_2.

Pressure drop across the core at the required velocity of 14 feet per second is 14 psi. The total pressure drop from the inlet nozzle to the outlet nozzle is 28 psi.

The fuel enrichment used to give the required 10,000 hour life at 392 megawatts is 2.6 atom percent. As can be seen from the following table of the effective multiplication factor, there is about 19 percent excess reactivity in the cold clean core.

Core condition (with control rods withdrawn)	*Effective multiplication factor*
Cold, clean	1.186
Hot, clean	1.113

Of this 19 percent excess reactivity of the cold clean core, the control rods control about half, and the addition of 1.6 grams per liter of natural boron to the primary coolant will control the remaining half. In the hot, clean condition, with the boron removed and the control rods in, k_{eff} is less than 1, i. e., the reactor is subcritical with control rods alone.

MAIN COOLANT SYSTEM

The main coolant system consists of four closed piping loops interconnecting the single reactor vessel to 4 steam generators. The principal equipment in each of the loops is two remotely operated gate-type stop valves, a steam generating heat exchanger, a canned-motor circulating pump, a check valve, a pressure relief valve and thermal insulation. Each main coolant loop also includes a warm-up crossover line with stop valve which connects the hot leg to the cold leg outside of the reactor stop valves. Pressure and temperature instrument piping connections are also provided. Main coolant enters the reactor at 486 F. and leaves at 524 F. The system is designed to transfer 1.7 million BTU per hour from the reactor core. It converts this heat by evaporating water in the steam generators and supplies 1.9 million pounds per hour of dry and saturated steam for the steam-electric plant. Steam leaving the generator is at a pressure of approximately 520 psia saturated, and at rated load the moisture content is ¼ of 1 percent.

INSTRUMENTATION AND CONTROL SYSTEM

The instrumentation and control system provides the operator with continuous information on plant performance during operation. It also warns the operator of any unusual condition which might occur, automatically regulates small disturbances around the steady state, automatically shuts the reactor plant down for disturbances which exceed a predetermined value, and provides fail-safe operation.

Reactor control is obtained by means of the 24 neutron absorbing control rods which are operated in groups, either manually or automatically. During steady state operation, the reactor is automatically controlled to maintain the average temperature constant in the main coolant system by means of a group of preselected control rods.

Suitable interlock circuits make it impossible to raise the rods following a safety scram signal until the cause of the scram has been corrected. When the reactor is at power, automatic run-in of the control rods will be initiated by excessive temperature in any one of the four main coolant loops. Interlocks are provided in the main coolant system which prevent opening any of the main stop valves when a difference of more than 50 F. exists between the water temperature in the isolated loop and the reactor vessel.

AUXILIARY SYSTEMS

A low pressure purification system is provided to remove soluble impurities from the main coolant system by ion exchange, and insoluble impurities by mechanical filtering.

A charging and volume control system is used to fill and maintain the level in the main coolant system and to provide a means of charging borated water or other suitable chemical neutron absorber into the main coolant system during plant shutdown.

A pressure control and relief system maintains the required main coolant pressure at the reactor outlet during steady state operation by providing a surge volume in a pressurizer vessel containing a 2-phase mixture of steam and water.

A waste disposal system receives, contains, treats and disposes of all radioactive wastes in such a manner as to yield primarily concentrated solid wastes on resin material, fused solid material, or ashes. Gaseous wastes, which are expected only in small quantities, will be dispersed to the atmosphere under favorable meteorological conditions. All liquid, gaseous and solid discharges during normal plant operation will be monitored to insure that radioactivity levels do not exceed the maximum permissible concentrations.

A shutdown cooling system is provided to remove heat from the main coolant system after normal shutdown procedures during periods of maintenance and fuel replacement. The system circulates main coolant through the reactor by means of circulating pumps and transfers the heat load to the raw river water via heat exchangers.

A monitoring and alarm system will detect, compute, and indicate the radiation level at selected locations inside and outside the plant. If these levels exceed predetermined valves, alarms are actuated.

A corrosion control system supplies hydrogen for injection into the primary coolant system to prevent excessive corrosion of components of the primary plant. The system under normal conditions operates with automatic pressure differential control, but is designed so that it may be operated both automatically and manually.

A sampling system is provided to take periodic samples of the main coolant for evaluation of pH, conductivity, boric acid concentration, and dissolved hydrogen gas concentration. Sampling is a manual operation, except for remotely controlled isolation valves in inaccessible areas.

A vent and drain system provides suitable facilities for discharging all radioactive fluids to the waste disposal system.

A component cooling water system is provided to remove heat from the various reactor plant components in order to maintain them at their required operating temperature and to transfer the absorbed heat from the component cooling water to a raw water supply.

CHEMICAL SHUTDOWN SYSTEM

The functions of the chemical shutdown system are to inject the neutron absorbing chemical into the main coolant system at shutdown to complement the neutron absorbing control rods, and to remove the chemical during plant startup. The system consists of two ion exchangers, a mixing tank and transfer pump for adding approximately 1.6 grams of boron per liter of reactor coolant. This amount of poison * in solution is sufficient to hold the clean cold reactor approximately 3 percent subcritical with at least one of the control rods withdrawn. To accomplish plant shutdown, the

* Poison is a word commonly used in reactor technology to denote a material which absorbs neutrons by parasitic (without useful result) capture. It bears no relation to chemical toxicity.

neutron absorbing material, boric acid, is injected while the reactor plant is still at operating temperature and pressure. The boric acid is added to the main coolant system over a period of 30 minutes corresponding to a pump flow rate of 100 gpm. During plant startup, the boric acid solution is removed from the main coolant system. This is accomplished by draining part of the reactor coolant, and replacing it with pure water. After circulation and mixing this process is repeated, and after a period of approximately 11 hours only 5 percent of the boric acid remains in the reactor coolant. The remaining boric acid is removed in the ion exchangers, so that after 22 hours the main coolant system has no appreciable amount of boron remaining in solution. Remote means for replacing and disposing of the exhausted resin are provided.

SAFETY INJECTION SYSTEM

A safety injection system is provided to supply a neutron absorbing chemical solution for cooling the reactor core in the unlikely event of a major rupture of the main coolant system. The system consists of a 110,000 gallon storage tank, two remotely operated pumps and 4 piping lines connecting the borated water storage tank through the pumps to each of the main coolant lines outboard of the main stop valves. Injection at the rated pump capacity of 2400 gpm can fill the reactor to the top of the core in less than 5.5 minutes after loss of coolant from the largest possible break in a main coolant line. The two injection pumps are shut down after the reactor vessel is filled to capacity; thereafter a 100 gpm pump supplies water lost by evaporation due to the release of decay heat. The 125,000 gallon storage tank provides sufficient water to replace decay heat losses for approximately 300 hours after reactor shutdown.

FUEL HANDLING SYSTEM

In order that the reactor may be refueled without hazards to personnel, means are provided for underwater removal and handling of fuel assemblies from the reactor. A shield tank cavity located above and joined to the reactor vessel at its top flange is provided for handling the fuel assemblies underwater as they are withdrawn from the core. It consists of a reinforced concrete, stainless steel lined container which is filled with 25 feet of borated water after the reactor vessel head has been removed. A spent fuel storage pit located outside of the vapor container is filled with 35 feet of water, and has provisions for receiving spent fuel assemblies from the shielded fuel chute connecting the storage pit to the shield tank cavity within the vapor container. A double piston-ended shuttle within the fuel chute is provided for transporting a fuel assembly under positive control up or down the chute.

SHIELDING

Radiation shielding is provided as biological protection wherever a potential health hazard exists, and is divided into five categories according to function: the neutron shield, the primary shield, the secondary shield, the fuel handling shield, and the auxiliary shields. The following radiation levels are used as a design criteria in specifying shielding:

	Mr. per hour
Working stations during full power operation	0.75
Intermittently manned ground level areas during full power operation	2.0
Unmanned ground level area directly beneath vapor container during full power operation	7.5
Fuel handling areas during refueling operations	6.0

VAPOR CONTAINMENT

The vapor container is a steel vessel which surrounds the reactor and main coolant loops and encloses all pressurized parts of the main coolant system. It prevents the release of radioactivity to the atmosphere in the unlikely event of an accident resulting from an uncontrollable rupture and release of fluid from the pressurized loops. When the main coolant system is operating and pressurized, the vapor container is closed and pressure tight. No personnel remain in or enter the vapor container when the plant is in operation. The vapor container is maintained at a pressure slightly higher than atmospheric during plant operation for continuous leakage monitoring.

The vapor container will be a steel spherical shell 125 feet in diameter and ⅞ inch thick. The plate material is A-201, grade B carbon silicon steel made to ASTM specification A-300 and was selected for its superior impact value at low temperatures. The vapor container is built in complete accordance with the ASME Boiler and Pressure Vessel Code, Section VIII, and applicable special rulings.

The internal pressure of the vapor container in the event of complete severance of one 20-inch main coolant line with two open ends and simultaneous rupture of one main steam line is calculated to be 34.5 psig. However, since the Code permits an occasional overpressure of 10 percent above design pressure, the maximum allowable pressure in the container is equal to 34.5 psig. Pipe lines which enter the vapor container and which are not required for normal operation are provided with valves located outside the vessel wall which are normally closed. Pipe lines which are required for normal operation are each provided with two check valves, one inside and one outside the shell. Outgoing operating lines are also provided with a closure trip valve arranged to close automatically on pressure rise in the container. Design leakage rate of the container is 70 cubic feet per hour STP at an internal pressure of 15 psig.

After the vapor container has been erected and all welding, radiographing and magnafluxing has been completed, the vapor container will be completely closed and subjected to field acceptance tests, including an air pressure test, leakage detection test, and a leakage rate test. In addition, the container will be continuously monitored for leakage during plant operation, in order to quantitatively evaluate the leakage rate from the vapor container during operation, and insure its integrity.

STEAM-ELECTRIC PLANT

The secondary plant will ultimately deliver 134 megawatts of electrical power to the New England Power Company transmission system. Steam produced in the primary plant steam generators is supplied to the throttle valve of a tandem compound, double flow turbine, and is exhausted at an absolute pressure of 1.5 inches of mercury to a single pass surface condenser. The generator rating is 161,500 KW at .95 power factor, 18,000 volts and 60 cycles. A steam line to the condenser with a control valve is provided from the secondary side of the steam generator as a by-pass for a portion of the steam. This by-pass may be utilized during startup, shutdown, and any transient plant operating conditions.

A circulating water system provides cooling water for the condenser from Sherman Pond. Three stages of steam extraction are provided from the turbine for heating condensate and feed water in closed feed water heaters. Secondary system make-up is added to the condenser hot well by the main condensate pump from the demineralized water storage tank. Condensate is normally discharged from the condenser hot well by one of two condensate pumps through the air ejector condenser and the feed water heaters to the boiler feed pump suction. Three boiler feed pumps, two of which are required at full power, discharge feed water through a feed water heater to the steam generators.

The net output of the Yankee plant will be normally transmitted at 115 kv over New England Power Company lines to Millbury, Mass. The output of the plant may also be transmitted at 115 kv and at reduced capacity to the Harriman Station of the New England Power Company, located about three miles distant. The 115 kv oil circuit breaker to Millbury will operate normally closed, and the 115 kv oil circuit breaker for the Harriman line normally open. In the event of a 115 kv Millbury line trip out, service is maintained with the fast closing 115 kv oil circuit breaker to Harriman. Two sources of station service power supply are provided. One source is taken from the generator leads through the normal station service transformer, and the second source is supplied from the 115 kv line to the Harriman Station, through the reserve station service transformer.

SITE

The proposed reactor site is located in the town of Rowe, Massachusetts, on the east bank of the Deerfield River at a point approximately three-quarters of a mile south of the Vermont-Massachusetts border. It is adjacent to the Sherman hydroelectric station of the New England Power Company. Yankee and its parent company, New England Power Company, own approximately 2,000 acres located on both sides of the Deerfield River in this area. The plant location in the Southwest section of this tract was chosen because of the level nature of the land, the adequate foundation conditions, the nearness to Sherman Pond for cooling water supplies, and the convenient access by both highway and railroad.

The towns within a 20-mile radius which have a population in excess of 2,500, together with their distances and directions, are as follows:

Town	Population	Airline distance	Direction from site
		Miles	
North Adams, Mass	21,567	9	WSW.
Adams, Mass	12,034	12	SW.
Williamstown, Mass	6,194	13	WSW.
Bennington, Vt	12,411	17	NW.
Greenfield, Mass	17,349	19	SE.
Brattleboro, Vt	11,522	20	NE.

The density of population within a radius of 5 miles of the site is 26 persons per square mile, and there are only two industrial developments within 5 miles of the site. Closely populated areas are found only in the centers of the towns, so that the total land area devoted to housing is small. All of the remaining land is utilized as forest or cultivated crop land, except for railroads and highways.

The Hoosac Tunnel and Wilmington Railroad which connects with the main line of the Boston and Maine Railroad passes the site at distance of 6.5 miles. A State road of blacktop construction follows the Deerfield River, bisecting the 2,000 acre tract owned by the New England Power Company, and forms part of the western boundary of the Yankee site.

The distance from the plant site to the nearest public property, the State road at the western boundary, is approximately 1,000 feet. The distance to the nearest inhabited private dwelling in the town of Monroe Bridge is approximately 4,000 feet. An existing house and barn adjacent to the Sherman hydroelectric station is occupied by the station attendant, and is owned by the New England Power Company. An exclusion perimeter at a distance of 1,000 feet from the plant will be maintained by a barbed wire

fence and chained log barrier, with a guarded access gate.

The most important factor influencing the meteorology of the site is the unusual topography in the immediate vicinity. At the proposed location on the Deerfield River, the elevation of the land is approximately 1,150 feet above sea level. Within a horizontal distance of one mile, the hills on both sides of the river valley rise to an elevation of approximately 2,000 feet. This steep-sloped character of the river valley exists approximately 10 miles down and 12 miles up the river valley from the site. This terrain favors two extreme conditions, namely, highly turbulent flow out of the valley and extremely stable flow within the valley.

The first condition would lead to a wide dispersal over the surrounding area of any contaminants released from the plant. The second condition, occurring under inversion or very stable conditions which prevail 35 percent of the time, would tend to channel any released contaminants within the valley. Populated towns and isolated farm communities out of the valley would be shielded by the ranges of hills on each side of the river, while residents in the valley would be subjected to the effects of the contaminants concentrated in that area.

The plant site is entirely located on the watershed of the Deerfield River. Surface and subsurface drainage is from the high lands east and south of the plant site towards the river. There are eight hydroelectric generating plants and two large storage reservoirs along the Deerfield River. Both the reservoirs and two of the hydroelectric plants are above the site, while the remainder are downstream. There are no downstream towns which use water pumped directly from the main stream of the river for domestic purposes. The general area is seismically stable. No special provisions will be made for seismic design in the plant.

PART II—HAZARDS EVALUATION

GENERAL CONSIDERATIONS

The Yankee reactor is generally similar to the Pressurized Water Reactor (PWR) nearing completion at Shippingport, Pennsylvania. The technology of this type of reactor has been advanced considerably in the past few years by the design and operation of Navy propulsion and Army power reactors. It is expected that several years of operation of the PWR will have been completed prior to the operation of the Yankee reactor and will contribute further to the safety and general understanding of this type of reactor.

Since the intended use of this reactor is for the production of electric power, it will not be subject to frequent startups and reloading. Present plans call for refueling shutdowns at intervals of more than a year. Thus, while the amount of fission products built up in the core will be greater than that of a testing or research reactor, the number of startups and hence the probability of a startup accident will be correspondingly reduced. This is an important consideration since this type of accident is often considered the most likely. A possible disadvantage of a long operating cycle is the unknown effect of a large buildup of plutonium. The plutonium may affect the fuel temperature coefficient adversely and thereby reduce this inherent safety characteristic of this reactor.

The applicant plans to use a soluble poison (boron) in the coolant-moderator to complement the neutron absorbing rods in shutting down the reactor. This poison is used to compensate the excess reactivity at low temperatures which is required to overcome the decrease in reactivity caused by heating the reactor coolant to operating temperature. In other reactors of this type, the entire amount of excess reactivity, including that required to go from low to operating temperature, is compensated by mechanically adjustable, neutron absorbing material in control rods or fuel assemblies. In these reactors, soluble poison injected into the coolant is provided for use only in the event of control rod malfunction or other such emergency.

The introduction of boron into the primary coolant tends to reduce the moderator's negative temperature and void coefficients, which are part of the inherent safety features for this reactor type. The effects are described in detail below. The applicant has stated that initially the reactor will not be operated at power with boron in the coolant. This minimizes the concern over the effect of boron on inherent safety features under normal conditions; however, inadvertent reactor operation at power with boron in the coolant cannot be completely ruled out at this time. Another possible consequence of the use of boron is the inadvertent reduction in poison concentration by either precipitation or dilution. This could cause a reactor accident similar to the cold water accident, described below.

SAFETY CONSIDERATIONS

It is generally recognized that pressurized water reactors exhibit a high degree of inherent stability due primarily to the large negative temperature coefficient of reactivity associated with the large change in density of the coolant-moderator with temperature, superimposed on the somewhat smaller negative temperature coefficient of the fuel itself. A further stabilizing effect results from the negative void coefficient of reactivity, which tends to reduce and limit the reactor power in large transients accompanied by void formation due to boiling. An unstabilizing effect can sometimes result from xenon concentration changes while the reactor is operating at power. These effects in the Yankee reactor are discussed below.

TEMPERATURE COEFFICIENT

The temperature coefficient can be divided into two parts; that due to the fuel temperature coefficient and that due to the moderator temperature coefficient.

The fuel temperature coefficient is fast acting and consists of two parts, the oxide expansion coefficient and the Doppler coefficient. The oxide expansion coefficient was estimated to be about a factor of ten smaller than the Doppler coefficient and is, therefore, neglected. Boron in the water has no appreciable effect on the magnitude of the Doppler coefficient which is about -7.0×10^{-6} per degree F., at both room and operating temperature. Plutonium buildup may change the magnitude of the Doppler coefficient but its quantitative effect is not known at this time. However, prior to operation this will be investigated by the applicant and its influence on the Doppler coefficient determined.

The moderator or water coefficient is a property of both the fuel and moderator. The major contribution to the coefficient comes from the expansion of water and is therefore dependent on heat transfer between the fuel and the water. Since the fuel in this reactor is uranium oxide in stainless steel tubes, the effect is delayed because of the relatively poor heat transfer. The applicant has calculated that this coefficient is -2.7×10^{-5} per degree F. rise in coolant temperature at room temperature and -2.7×10^{-4} per degree F. at operating temperature.

The addition of boron to the water decreases the moderator temperature coefficient since heating will cause the water to expand and thereby remove poison from the reactor. This is similar to withdrawing the control rods and causes the reactor power to increase. There are other effects, however, which partially compensate for this, and the composite moderator coefficient remains negative with the boron concentrations under consideration. With the maximum anticipated concentration of boron in the water, the values of the moderator coefficient calculated by the applicant are: -1.6×10^{-5} per degree F. at room temperature and -1.6×10^{-4} per degree F. at operating temperature. Although the magnitude of the coefficient will be reduced by the addition of boron, it appears that it will remain negative and therefore have a stabilizing influence on the dynamic behavior of the reactor.

VOID COEFFICIENT

The void coefficient is similar to the moderator temperature coefficient in that it is a property of both the fuel and the water moderator. Because of the relatively poor heat transfer between the fuel and the moderator, the effect of the void coefficient is delayed in its action, especially in a power transient. An over-all void coefficient can be calculated quite easily by assuming that the voids are formed uniformly throughout the water moderator. However, it is extremely difficult to calculate a void coefficient for a local void, i. e., one that is concentrated in one place. Since voids which would be formed under actual operating conditions would be concentrated in specific places in the core, the local void coefficient is the more meaningful and useful of the two coefficients. The over-all void coefficient with no boron in the water has been calculated to be -0.3 percent reactivity change per percent void and with 1.6 grams of boron per liter in the coolant it is about $-0.1\%/\%$ void. The local void coefficients have not been calculated but the applicant has stated that these will be determined in critical experiments prior to operation of the reactor. Since positive void coefficients have an unstabilizing effect on the reactor behavior, i. e., an increase in power creates more voids which increases the reactivity which causes the power to increase faster, the sign and magnitude of the void coefficients are important in determining the dynamic behavior of the reactor.

XENON INSTABILITY

Xenon-135 is a major fission product poison, requiring approximately 5 percent excess reactivity in a high flux reactor. Since any method of removing xenon would increase the reactivity and consequently the power level of the reactor, this possibility should be investigated.

Xenon is produced by beta decay of the direct fission product, iodine-135, and by direct yield from the fissioning fuel. Most of the production comes from the iodine decay. Xenon is lost in a reactor by beta decay of the isotope itself and by neutron capture. The major loss mechanism in a high flux reactor is neutron capture. Therefore, the rate at which xenon is lost follows any change in the neutron flux immediately, but the rate at which it is formed is delayed by the intermediate formation and decay of iodine. When the reactor is operating at a constant neutron flux level, the delay in the production has no influence on the reactor behavior, but when the flux is changing the delay time may have an effect.

For example, if the flux should be increased, the rate at which xenon is removed would be increased while the rate at which it is formed would not increase until some time later. The net effect then, is a removal of the xenon poison which would increase the reactivity and consequently the neutron flux which would cause the xenon to be removed even faster and so on until some opposing effect takes over. Similarly an ini-

tial decrease in flux will cause the net xenon concentration to increase and thereby cause the flux to continue to decrease. The temperature coefficient is the opposing effect in most reactors. The increase or decrease in flux is not necessarily limited to the whole reactor but can occur in only part of the reactor. The local effect is even more likely to occur in a large reactor where a neutron born in one part of the reactor is captured before it can diffuse to another more distant part.

Thus it is possible for the neutron flux throughout the entire reactor to increase or decrease, or it is possible for the flux in one part of a large reactor to increase while the flux in another part is decreasing thereby keeping the total flux and power constant. There are, then, two types of xenon instabilities which are possible in a reactor, the first is a power transient due to xenon burnout and the other is xenon oscillation.

Even though these possibilities exist, the time available before core damage is long enough to allow the operator to take corrective action. Although the applicant has not investigated the consequences nor the possibility of this type of instability in detail, he has indicated that he will do so prior to operation of the reactor.

ACCIDENTS CONSIDERED

Reactor accidents considered by the applicant are of three general types: those associated with reactivity insertion—a startup accident and a cold water accident; the possibility of a chemical reaction between water and the various constituents of the reactor core; and those associated with mechanical failures of the main coolant system—failures of the main coolant pumps and a rupture of the main coolant system. The consequences of a major rupture in the main coolant system were found to be more severe than those of any other, hence this is considered by the applicant to be the maximum credible accident described below.

The startup accident involves the continuous withdrawal of all the control rods at their maximum rate. In the analysis the initial reactor power was assumed by the applicant to be essentially zero and the negative moderator and fuel temperature coefficients limited the excursion to 135 percent of full power. Although there is some doubt concerning the validity of some of the assumptions used in analyzing this accident, we concur with the applicant that it would not be more severe than the maximum credible one.

The cold water accident involves introduction of a quanity of cold water into the core from a previously siolated loop. Valves in the loops are of the slow opening type, and limit the magnitude of this accident. Further, there is a temperature interlock on each loop isolation valve which prevents the opening of that valve if the temperature drop across it is greater than 50 F., and this interlock also must fail for this accident to occur.

The possibility of an accident due to reconnecting an isolated loop in which the boron concentration is different from that in the core is minimized by an operating procedure which requires sampling and chemical analysis of boron concentration before reconnecting a previously isolated loop. We agree with the applicant that the slow opening valves would limit the magnitude of these types of accidents to less than that of the maximum credible accident.

The loss of 1, 2, or 4 coolant pumps when the reactor is at full power operation has been analyzed by the applicant. The analysis indicates that loss of one or two pumps does not result in excessive core temperatures even if the reactor is not scrammed. However, the loss of all 4 pumps does result in extreme core temperatures unless the reactor is shut down. Accordingly, the applicant has incorporated into the safety system a circuit which scrams the reactor when power is lost on three or more pumps. If the reactor is shut down after this accident, evaporation of water in the secondary system provides enough cooling to prevent core damage for about four hours, provided there is natural circulation in the primary system. Evaporation of water in the primary system provides enough cooling for another three hours. Because of this long interval during which corrective action to prevent melting of the fuel elements can be taken and the existence of two separate sources of electrical power to the pumps, we concur with the applicant that this accident would be of much less severity than the maximum credible accident.

MAXIMUM CREDIBLE ACCIDENT

In practically every reactor it is possible to conceive of a combination of inadvertent and deliberate actions which could cause mechanical, chemical, or nuclear events to take place with an energy release sufficiently great to release all or most of the fission products contained in the reactor. The probability that such potential combinations will in fact take place is so vanishingly small in most reactors as to make it reasonable to assume that, for all practical purposes, they are not possible. However, for every reactor there are other conditions or combination of conditions whose occurrence is considered credible and for which the consequences appear to be greater than those for any other credible accident. Since the occurrence of this accident is considered credible, protection against it for the public must be provided. This maximum credible accident, and the conditions which are assumed to initiate it, will be dependent on the specific design and operating conditions of each reactor.

Through analyses of many conceivable accidents to the Yankee reactor, as described previously, the applicant has concluded that the maximum credible accident for this reactor is a large rupture of a primary coolant line. Such a rupture would cause an immediate and sharp reduction in primary coolant system pressure, accompanied by expulsion of water from the reactor coolant system and the core. Depending on the size of the rupture, the water would be expelled in the three more or less distinct stages:

(1) Solid discharge of subcooled water caused by pressure.

(2) Flash-flow of steam entraining some water.

(3) Emission of steam only, once the level of water in the reactor vessel is below the outlet and inlet nozzles.

The analyses indicate that the control rods will move in to shut down the reactor, upon receipt of a scram signal, despite the upward flow of steam and water. They also indicate that the reactor will not go critical again when the water remaining in the reactor vessel cools off.

The applicant has concluded that the largest possible rupture of credible occurrence is a complete sheering off of a 20 inch O. D. main coolant pipe, the largest diameter main coolant line in the plant. (It was assumed that the larger diameter stainless clad, carbon steel reactor vessel, fabricated and tested according to the best techniques and under the proper codes, would not fail.) With the rupture of the 20 inch primary coolant line, sufficient water would be ejected to uncover the core in 12 seconds, and essentially no water would remain in the reactor vessel after 18 seconds. The safety injection system, described previously, would be placed into operation following the rapid decrease in primary system pressure caused by the rupture. Allowing approximately 2 minutes for the operator to initiate operation of the system, for its remotely operated valves to open, and for the pumps to start; the core would be re-covered in less than 5.5 minutes with water from the borated water storage tank. The applicant has also analyzed the time interval before the first fuel element in the dry core would start to melt from the decay heat of its fission product inventory, taking no credit for the cooling afforded by the safety injection water entering the reactor vessel. This interval was found to be greater than the time required to re-cover the core, hence Yankee has concluded that the fuel elements will not melt and release their fission products as a result of this accident.

CONTAINMENT VESSEL AND EXCLUSION RADIUS

The applicant states that the maximum credible accident is a large rupture of the primary coolant system. Extensive precautions will be taken to assure that the safety injection system will remain operative during such an accident. This would prevent any melting of the core and consequent release of fission products.

In addition to these precautions, the applicant proposes to provide further protection for the public by containing the reactor within a steel vapor container. This container has been described by the applicant and specified to have a leakage rate of not more than 70 cubic feet per hour at 15 psig.

It is difficult to establish definitely at this time the amount of fission products which might be released into the vapor container under the worst believable conditions. There may be none. In any case, we believe the applicant's assumption, for purposes of illustrative calculation, of a hypothetical release of 20 percent of the volatile fission products is a condition considerably worse than is believed to be credible.

This calculation was made assuming the rupture of the primary coolant system and the uniform dispersion of 20 percent of the volatile fission products within the vapor container after the reactor had been operated for an infinite time at 392 megawatts. There are two effects to be considered, the direct radiation (shine) from the retained fission products, and the consequences of leakage of the fission products from the container. Although the rupture of the largest primary coolant line would result in a pressure within the vapor container initially of 34.5 psig, the condensation of steam would be expected to decrease the pressure to 15 psig within two hours and the container leakage rate would then be 70 cubic feet per hour or less.

The shine upon an unprotected person on the nearest property not owned by the applicant, the state road across the Deerfield River approximately 1,000 feet away, would result in a calculated integrated exposure of 5 roentgens in one hour if the person persisted in remaining at that point for that period of time.

The dose from airborne material at the nearest private dwelling 4,000 feet away in Monroe Bridge was calculated to be only 15 rem to the thyroid. This calculation was made assuming the worst meteorological conditions and that the occupants would breathe the full concentration of the cloud for the first eight hours after the accident.

In view of the numerous conservative assumptions that have been made in these calculations, there would be ample time to take necessary steps to minimize any exposures.

While we cannot say whether or not the maximum credible accident would release fission products into the vapor container, we are convinced that it is not credible to expect releases as great as 20 percent of the total volatile fission products in the core; and we are satisfied that the combination of

containment and exclusion provided is sufficient to prevent serious public exposure, even if accidents which greatly exceed the maximum credible accident postulated by the applicant should occur.

CONCLUSIONS

Based on information contained in the application, including the program of research and experimentation outlined by the applicant, and taking into account the experience which has been and will be gained from design and operation of pressurized water power reactors, there is reasonable assurance that a facility of the general type proposed can be constructed and operated at the proposed location without undue risk to the health and safety of the public. We are convinced that unresolved problems associated with the design of the Yankee reactor can be satisfactorily solved by programs such as those outlined by the applicant and that there is no reason now apparent for believing that inherently unsafe features exist in a reactor of the type proposed.

The applicant recognizes that present knowledge is insufficient for establishing a final design of the proposed reactor at this time and has outlined an extensive theoretical and experimental program for establishing the basis from which a final safe and satisfactory design can be developed. The principal features of the reactor which at this time appear to need extensive investigation are: the use of soluble poison for control, local boiling in the core, and the large plutonium build-up in the core. The final design of the reactor and necessary operating procedures must reflect awareness of the consequences of these features on reactor safety.

Before issuance of a license to operate this reactor, a review will be made of the final reactor design, plant operating and supervisory procedures, accident analysis, emergency plans, and other relevant safety information, to determine whether the reactor can be operated without endangering the health and safety of the public.

In the meantime, we believe that approval should be granted to the applicant to proceed with plant construction in accordance with plans and specifications submitted in his application, recognizing that these will be subject to change as a result of information to be developed later.

PART III—TECHNICAL QUALIFICATIONS OF THE APPLICANT

Although Yankee will have its own technical staff, it will rely principally on Westinghouse Electric Corporation and Stone & Webster Engineering Corporation for technical advice and engineering in the design and construction of the proposed reactor and power plant. In addition, Yankee has made arrangements for competent consulting services. It is anticipated that members of the future operating staff will be selected during the construction period in order that they may work with and receive instructions from Westinghouse personnel in the design and operation of the plant. It is believed, therefore, that the applicant has arranged for adequate technical assistance.

PART IV—FINANCIAL QUALIFICATIONS OF THE APPLICANT

According to its license application Yankee is a corporation, organized as an "electric company" under Massachusetts utility laws on September 17, 1954. The stockholders of Yankee consist of the following twelve New England electric utilities, in the percentages indicated:

Name	Address	Percentage
New England Power Co.[a]	441 Stuart St., Boston 16, Mass.	30.0
The Connecticut Light and Power Co.	P. O. Box 2010, Hartford 1, Conn.	15.0
Boston Edison Co	182 Tremont St., Boston, Mass.	9.5
Central Maine Power Co.	9 Green St., Augusta, Maine.	9.5
The Hartford Electric Light Co.	266 Pearl St., Hartford, Conn.	9.0
The Connecticut Power Co.	266 Pearl St., Hartford 15, Conn.	.5
Western Massachusetts Electric Co.	45 Federal St., Greenfield, Mass.	7.0
Public Service Company of New Hampshire.	1087 Elm St., Manchester, N. H.	7.0
Montaup Electric Co.[b]	85 North Main St., Fall River, Mass.	4.5
New Bedford Gas and Edison Light Co.[c]	727 Massachusetts Ave., Cambridge 39, Mass.	2.5
Cambridge Electric Light Co.[c]	727 Massachusetts Ave., Cambridge 39, Mass.	2.0
Central Vermont Public Service Corp.	121 West St., Rutland, Vt.	3.5

[a] Subsidiary of New England Electric System.
[b] Subsidiary of Eastern Utilities Associates.
[c] Subsidiaries of New England Gas and Electric Association.

These twelve stockholders, according to the license application, are the sole stockholders of Yankee and will purchase the entire electrical output of the plant.

The following additional information was furnished by Yankee in its license application:

"Based on present estimates of construction costs, Yankee's capital requirements are estimated at $35,000,000, exclusive of the costs of the preliminary research and development program. The Commission has included the Yankee project in its Power Demonstration Reactor Program, and pursuant to AEC Contract No. AT (30-3)-222, dated June 4, 1956, will assist Yankee in carrying out the research and development program as follows:

Performance of research and development work in AEC facilities—up to	$1,000,000
Reimbursement of the cost of research and development work carried out in other than AEC facilities—up to	4,000,000
Total	5,000,000

Any excess costs of the research and development program will be borne by Yankee.

"Yankee proposes to finance the foregoing capital requirements by the issue of common stock to its stockholder utilities and by the issue and sale of senior securities to other investors. The issue of securities by Yankee and the acquisition thereof by certain of the stockholder utilities will require approval of the Massachusetts Department of Public Utilities and of the Securities and Exchange Commission under the Public Utility Holding Company Act.

"Such approvals have been obtained with respect to Yankee's preliminary financing program, completed in December 1955, pursuant to which the stockholder utilities provided $1,000,000 of funds by the purchase of $500,000 of Yankee's initial common stock and short-term loans of $500,000. See D. P. U. order dated June 30, 1955 (D. P. U. 11173-A), and S. E. C. order dated November 18, 1955 (File No. 70-3396, Holding Company Act Release No. 13,048).

"On May 25, 1956 Yankee received permission from the Securities and Exchange Commission to initiate preliminary discussions with representative members of the financial community, including bankers, underwriters and institutional investors, in order to determine the type and amount of securities which will provide the best overall financing program. When a definitive financing program has been arranged, the details will be supplied by amendment."

According to recent testimony of a Yankee representative before a Congressional committee, the estimated construction cost of the Yankee project has increased from $35,000,000 to a present estimate of approximately $55,000,000. The Yankee representative also testified that Yankee's present plans are to finance the project with about $20,000,000 of first mortgage bonds, $17,000,000 of unsecured debt and $20,000,000 of capital stock.

By letter dated June 4, 1957, Yankee informed the Commission that it has requested authority from the Securities and Exchange Commission to enter into negotiations with prospective purchasers of the senior securities which it intends to include in its permanent financing program. Yankee stated it hopes to be in a position to file an amendment to its license application in the near future, reflecting Yankee's financial qualifications to undertake and carry out the activity proposed in its license application.

In view of these circumstances it is concluded that Yankee has not submitted adequate information to date to justify a determination with respect to its financial qualifications to assume responsibility for the special nuclear material to be furnished by the Commission, to undertake and carry out the proposed use of the material for a reasonable period of time, and to construct and operate the reactor in accordance with the regulations contained in Title 1, Chapter 10, CFR.

The construction permit should, therefore, reflect that Yankee has not submitted to date sufficient information for the Commission to make a finding with respect to the financial qualifications of Yankee, and that the continued effectiveness of the permit will be conditioned upon a showing within twelve months by Yankee that its financial resources are such as to enable the Commission to make the required finding, unless for good cause shown the Commission extends the time for the submission of such data.

PART V—FUEL ALLOCATION

The proposed total allocation of special nuclear material to Yankee during the 40-year course of the license is 6,051.96 kilograms U-235 (contained). The proposed allocation to Yankee may be made within the 50,000 kilograms made available by the President for such distribution. The estimated special nuclear material requirements appear reasonable for a reactor of the proposed design concept and output.

For the Division of Civilian Application.

Dated: July 31, 1957.

H. L. PRICE,
Director.

[F. R. Doc. 57-6369; Filed, Aug. 2, 1957; 8:49 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-3607]

PENNSYLVANIA POWER CO.

NOTICE OF FILING REGARDING ISSUANCE OF SHORT TERM NOTES TO BANKS

JULY 26, 1957.

Notice is hereby given that Pennsylvania Power Company ("Pennsylvania"), a public utility subsidiary of Ohio Edi-

son Company, a registered holding company, has filed an application with this Commission pursuant to the Public Utility Holding Company Act of 1935 ("act") and has designated section 6 (b) of the act and Rule U-50 (a) (2) promulgated thereunder as applicable to the proposed transactions.

All interested persons are referred to the application on file in the offices of the Commission for a statement of the transactions therein proposed which are summarized as follows:

Pennsylvania has established a line of credit with each of the following banking institutions under which it proposes to borrow from time to time prior to December 1, 1957 an aggregate of not in excess of $4,500,000.

The First National City Bank of New York	$3,080,000
Mellon National Bank and Trust Co	750,000
Farmers & Merchants Trust Co	50,000
The First National Bank of Mercer County, Greenville, Pa	120,000
First National Bank of Lawrence County	150,000
Lawrence Savings and Trust Co	100,000
First National Bank in Sharon	75,000
McDowell National Bank	115,000
The Merchants and Manufacturers National Bank of Sharon	60,000
	4,500,000

Of the $4,500,000 proposed to be borrowed, Pennsylvania has, as of July 10, 1957, borrowed $2,000,000 and has issued its notes in evidence thereof. This amount is exempted from the provisions of section 6 (a) by the first sentence of section 6 (b) of the act.

Pennsylvania now requests approval for additional borrowings under the above line of credit in an amount not to exceed $2,500,000, such borrowings to be evidenced by notes to be dated as of the date of such borrowings and to mature not more than nine months after the date of issuance. The notes are to bear interest for 90 days from the date thereof or to any earlier date of payment, at the prime credit rate current at the time of such borrowing which is presently 4 percent per annum; thereafter for 90 days or to any earlier date of payment, interest shall be payable at the prime credit rate current on the 91st day after the date of issue; and thereafter, until maturity or any earlier date of payment interest shall be payable at the prime credit rate current on the 181st day after the date of issue. The notes may be prepaid by Pennsylvania at any time in whole or in part on 24 hours prior written notice to the payee without penalty or premium.

The proceeds from the issuance of the above described notes will be used by Pennsylvania to pay part of the cost of its 1957 construction program which, it is presently estimated, will amount to $13,000,000. As part of the financing required for such program and its continuation in 1958, Pennsylvania now proposes to issue and sell during October 1957 an additional $8,000,000 principal amount of first mortgage bonds, to be made the subject of a later filing with the Commission.

It is estimated that fees, commissions and expenses to be incurred by Pennsylvania will not exceed $1,250, including counsel fees of Messrs. Winthrop, Stimson, Putnam & Roberts which are estimated not to exceed $1,000.

The application states that no State and no Federal commission other than this Commission has jurisdiction over the proposed transactions.

Notice is further given that any person may, not later than August 12, 1957 at 5:30 p. m., request the Commission in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said filing which he desires to controvert, or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D. C. At any time after said date, the application, as filed or as it may hereinafter be amended, may be granted as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may grant exemption from its rules as provided in Rules U-20 (a) and U-100 or take such other action as it may deem appropriate.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 57-6363; Filed, Aug. 2, 1957; 8:48 a. m.]

[File No. 24B-962]

GOB SHOPS OF AMERICA, INC.

ORDER TEMPORARILY SUSPENDING EXEMPTION, STATEMENT OF REASONS THEREFOR, AND NOTICE OF OPPORTUNITY FOR HEARING

JULY 25, 1957.

I. Gob Shops of America, Inc. (Gob Shops), a Rhode Island corporation, 41 Stukely Street, Providence, Rhode Island, filed with the Commission on January 21, 1957 a notification and an offering circular relating to an offering of 240,000 shares of its 30 cent par value common stock "at the market", but in no event for more than $300,000.00 on its behalf and on the behalf of Ernest Nathan, Theodore Schoenfeld, Joseph S. Porr, Laurence H. Lubin, J. Bowling Bruns, Jr., and Harold S. Coleman for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to the provisions of section 3 (b) thereof and Regulation promulgated thereunder. Bruns, Nordeman & Co., 52 Wall Street, New York 5, New York was named as underwriter.

II. The Commission has reasonable cause to believe that:

A. The terms and conditions of Regulation A have not been complied with in that the notification fails to contain the information required by Item 9 with respect to unregistered securities of Gob Shops which were sold within one year prior to the filing of the notification by or for the account of persons who at the time were directors of Gob Shops, to wit Laurence H. Lubin and Harold S. Coleman; and

B. The notification and offering circular contain untrue statements of material fact and omit to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, concerning:

1. Unregistered securities of Gob Shops which were sold within one year prior to the filing of the notification by or for the account of persons who at the time were directors;

2. The market for securities of which Gob Shops was the issuer;

3. The market price for securities of which Gob Shops was the issuer;

4. The activities of the underwriter in the market for securities of which Gob Shops was the issuer; and

5. The maintenance, dominance and control by the underwriter of the market for, and market price of, securities of which Gob Shops was the issuer; and

C. The offering would be made in violation of section 17 of the Securities Act of 1933, as amended, in that use would be made of an offering circular which contains false and misleading statements of material facts as is specified hereinabove.

III. Gob shops of America, Inc. filed with the Commission a request, dated may 22, 1957, for withdrawal of its notification.

IV. *It is ordered,* That Gob Shops of America, Inc.'s request for withdrawal of its notification is denied without prejudice to the right of any interested person to request a hearing on the question whether the Commission should consent to the withdrawal of the notification.

It is further ordered, Pursuant to Rule 261 of the general rules and regulations under the Securities Act of 1933, as amended, that the exemption under Regulation A be, and it hereby is temporarily suspended.

Notice is hereby given to Gob Shops of America, Inc. and to any person having any interest in the matter that this order has been entered, that the Commission upon receipt of a written request within thirty days after entry of this order will, within twenty days after the receipt of such request, set the matter down for hearing at a place to be designated by the Commission for the purpose of determining whether to permit the withdrawal of the notification with the consent of the Commission, and whether to vacate the temporary suspension order or to enter an order permanently suspending the exemption without prejudice, however, to the consideration and presentation of additional matters at the hearing, that if no hearing is requested and none is ordered by the Commission, the request for withdrawal of the notification shall be denied with prejudice, and the suspension order shall become permanent on the thirtieth day after its entry and shall remain in effect unless or until it is modified or vacated by the Commission, and that notice of the time and place for any hearing will promptly be given by the Commission.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 57-6364; Filed, Aug. 2, 1957; 8:48 a. m.]

[File No. 24FW-1021]

GUNN AND MCCRARY, INC.

ORDER TEMPORARILY SUSPENDING EXEMPTION, STATEMENT OF REASONS THEREFOR; AND NOTICE OF OPPORTUNITY FOR HEARING

JULY 26, 1957.

I. Gunn and McCrary, Incorporated ("Gunn and McCrary"), a Louisiana corporation, 512 Ricou-Brewster Building, Shreveport, Louisiana, filed with the Commission on April 20, 1956, a notification and an offering circular relating to an offering of 97,900 shares of its $1.00 par value capital stock at $1.00 per share for an aggregate of $97,900, for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to the provisions of section 3 (b) thereof and Regulation A promulgated thereunder; and

II. The Commission has reasonable cause to believe that:

A. Wayne D. Gunn, president, director and an affiliate of Gunn and McCrary, is subject to an order entered on March 27, 1957 by the Commission pursuant to section 3 (b) of the Securities Act of 1933, as amended, and Rule 340 of Regulation B adopted thereunder suspending the effectiveness of the filing of an offering sheet relating to certain non-producing working interests in an oil and gas lease;

B. The terms and conditions of Regulation A have not been complied with, in that:

1. The offering circular fails to contain a statement of cash receipts and disbursements or income and expense as required by Rule 219 (c) (6) and fails to contain a financial statement of Gunn and McCrary's condition of the type required by Rule 219 (c) (6); and

2. Gunn and McCrary has failed to file reports on Form 2-A as required by Rule 224; and

C. The offering circular contains untrue statements of material facts and omits to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, concerning, among other things:

1. The results to be encountered, if additional wells are drilled to develop Gunn and McCrary's properties;

2. Gunn and McCrary's oil reserves;

3. The location of Gunn and McCrary's properties and the development that had taken place thereon and in the vicinity of the said properties;

4. The nature, size and character of the legal interests that Gunn and McCrary had in the lands to which reference is made in the said offering circular;

5. The production history of the wells of Gunn and McCrary; and

6. The financial condition and history of Gunn and McCrary and more particularly in that the financial statement contains extensions of dollar amounts for non-cash transactions notwithstanding that Gunn and McCrary as of the date of the statement and the date of the offering circular was an extractive company in the promotional, exploratory or development stage; and

D. The use of the offering circular would operate as a fraud and deceit upon the purchasers.

III. *It is therefore ordered,* Pursuant to Rule 223 (a) of the general rules and regulations under the Securities Act of 1933, as amended, that the exemption under Regulation A be, and it hereby is, temporarily suspended.

Notice is hereby given that any person having any interest in the matter may file with the Secretary of the Commission a written request for a hearing; that within twenty (20) days after receipt of such request, the Commission will or, at any time upon its own motion, may set the matter down for a hearing at a place to be designated by the Commission for the purpose of determining whether this order of suspension should be vacated or made permanent, without prejudice, however, to the consideration and presentation of additional matters at the hearing; and that notice of the time and place of said hearing will be promptly given by the Commission.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 57-6365; Filed, Aug. 2, 1957; 8:48 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 12107, 12108; FCC 57-800]

RIVERSIDE CHURCH IN CITY OF NEW YORK AND HIGHLAND BROADCASTING CORP.

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of The Riverside Church in the City of New York, New York, New York; Docket No. 12107, File No. BPH-2174; Highland Broadcasting Corporation, Peekskill, New York; Docket No. 12108, File No. BPH-2203; for construction permits.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 25th day of July 1957;

The Commission having under consideration the above-captioned applications of The Riverside Church in the City of New York, and the Highland Broadcasting Corporation, for construction permits for new Class B FM broadcast stations to operate on 106.7 megacycles (Channel No. 294) in New York City and Peekskill, New York, respectively;

It appearing that each of the applicants is legally, technically, financially and otherwise qualified to operate their proposed stations, but that operation of both stations as proposed would result in mutually destructive interference; and

It further appearing that, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the subject applicants were advised by letter dated May 14, 1957, of the aforementioned interference and that the Commission was unable to conclude that a grant of either application would be in the public interest; and

It further appearing that a timely reply was filed by each of the applicants; and

It further appearing that the Commission, after consideration of the above, is of the opinion that a hearing is necessary;

It is ordered, That, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the said applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine which of the operations proposed in the above-captioned applications would better serve the public interest in the light of the evidence adduced with respect to the significant differences between the applicants as to:

(a) The background and experience of each of the above-named applicants to own and operate its proposed station.

(b) The proposals of each of the above-named applicants with respect to the management and operation of the proposed stations.

(c) The programming service proposed in each of the above-mentioned applications.

2. To determine, in the light of the evidence adduced pursuant to the foregoing issues, which of the applications should be granted.

It is further ordered, That, to avail themselves of the opportunity to be heard, the applicants herein, pursuant to § 1.387 of the Commission's rules, in person or by an attorney, shall within 20 days of the mailing of this order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

It is further ordered, That, in the event of a grant of the application of The Riverside Church in the City of New York, § 3.261 of the Commission's rules is waived to permit 35 hours operation per week.

It is further ordered, That, in the event of a grant of the application of the Highland Broadcasting Corporation, § 3.205 of the Commission's rules is waived to permit the FM studios to be located at the transmitter site of the applicant's companion AM Station, WLNA.

Released: July 31, 1957.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS, *Secretary.*

[F. R. Doc. 57-6376; Filed, Aug. 2, 1957; 8:51 a. m.]

[Docket No. 12109; FCC 57-801]

BEN HILL BROADCASTING CORP. (WBHB)

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of Ben Hill Broadcasting Corporation (WBHB), Fitzgerald, Georgia; Docket No. 12109, File No. BMP-7573; for modification of construction permit.

At a session of the Federal Communications Commission held at its offices in Washington, D. C. on the 25th day of July 1957;

The Commission having under consideration the above-captioned application of Ben Hill Broadcasting Corporation for a modification of construction permit to change the transmitter location of Station WBHB;

It appearing that the applicant is legally, technically, financially and otherwise qualified, except as may appear from the issues specified below, to operate Station WBHB as proposed, but that the population within the proposed 1000 mv/m contour is approximately 3.5 percent of the population within the proposed 25 mv/m. contour, and therefore not in compliance with § 3.24 (b) (7) of the Commission's rules; and

It further appearing that, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the subject applicant was advised by letter dated April 2, 1957, of the aforementioned deficiency and that the Commission was unable to conclude that a grant of the application would be in the public interest; and

It further appearing that the applicant filed a reply on April 25, 1957, and stated that it is willing to accept, as a condition of grant, the responsibility of correcting all reasonable complaints of blanket interference; and

It further appearing that the population residing within the blanketing area is of such magnitude as to constitute a serious violation of the § 3.24 (b) (7) and therefore the Commission is unable to make a determination in this matter on the basis of the information before it and is of the opinion that an evidentiary hearing is necessary to obtain complete information as to whether circumstances exist which would here warrant a waiver of § 3.24 (b) (7) of the rules;

It is ordered, That pursuant to section 309 (b) of the Communications Act of 1934, as amended, the above-captioned application is designated for hearing, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which may be expected to gain or lose primary service from the operation of Station WBHB as proposed, and the availability of other primary service to such areas and populations.

2. To determine whether the proposed operation would be in compliance with §§ 3.24 (b) (7) and 3.188 (b) (4) of the Commission's rules with regard to the population within the 1000 mv/m contour, and if compliance with said sections is not achieved, whether circumstances exist which would warrant a waiver of those sections.

3. To determine, in the light of the evidence adduced pursuant to the foregoing issues, whether the above-captioned application should be granted.

It is further ordered, That, to avail itself of the opportunity to be heard, the applicant, pursuant to § 1.387 of the Commission's rules, in person or by attorney, shall, within 20 days of the mailing of this order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

Released: July 31, 1957.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 57-6377; Filed, Aug. 2, 1957; 8:51 a. m.]

[Docket No. 12110; FCC 57-802]

GRAND HAVEN BROADCASTING CO. (WGHN)

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of Grand Haven Broadcasting Company (WGHN), Grand Haven, Michigan; Docket No. 12110, File No. BP-11160; for construction permit.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 25th day of July 1957;

The Commission having under consideration the above-captioned application of Grand Haven Broadcasting Company, for a construction permit to make changes in the antenna system of Station WGHN, Grand Haven, Michigan, (1370 kc, 500 w, D);

It appearing that the applicant is legally, technically, financially and otherwise qualified, except as may appear from the issues specified below, to operate its proposed station, but that the proposed operation would cause interference to Station WGRY, Gary, Indiana, (1370 kc, 500 w, D); and

It further appearing that, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the subject applicant was advised by letter dated April 4, 1957, of the aforementioned deficiency and that the Commission was unable to conclude that a grant of the application would be in the public interest; and

It further appearing that the applicant filed a timely reply to the Commission's letter; and

It further appearing that Station WGRY advised by letter of April 15, 1957, that it would appear and participate at a hearing on the application of Grand Haven Broadcasting Company; and

It further appearing, that the Commission, after consideration of the above, is of the opinion that a hearing is necessary;

It is ordered, That, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the said application is designated for hearing, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which may be expected to gain or lose primary service from the operation of Station WGHN as proposed, and the availability of other primary service to such areas and populations.

2. To determine whether the proposed operation would cause interference to Station WGRY, Gary, Indiana, or any other existing standard broadcast stations, and if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

3. To determine whether, in the light of the evidence adduced pursuant to the foregoing issues, a grant of the above-captioned application would be in the public interest.

It is further ordered, That WGRY, Incorporated, licensee of Station WGRY, Gary, Indiana, is made a party to the proceeding.

It is further ordered, That, to avail themselves of the opportunity to be heard, the Grand Haven Broadcasting Company and WGRY, Incorporated, pursuant to § 1.387 of the Commission's rules, in person or by attorney, shall within 20 days of the mailing of this order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

Released: July 31, 1957.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 57-6378; Filed, Aug. 2, 1957; 8:51 a. m.]

[Docket Nos. 12111, 12112; FCC 57-803]

K. C. LAURANCE AND PHILIP D. JACKSON

ORDER DESIGNATING APPLICATIONS FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of K. C. Laurance, Medford, Oregon; Docket No. 12111, File No. BP-10622; Philip D. Jackson, Weed, California; Docket No. 12112, File No. BP-11268; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 25th day of July 1957;

The Commission having under consideration the above-captioned applications of K. C. Laurence and of Philip D. Jackson, each for a construction permit for a new standard broadcast station to operate on 800 kilocycles with a power of one kilowatt, daytime only, at Medford, Oregon, and Weed, California, respectively;

It appearing that each applicant is legally, technically, financially and otherwise qualified, except as may appear from the issues specified below, to operate his proposed station but that the operation of both stations would result in mutually destructive interference; that the proposed operation of Philip D. Jackson would serve a portion of the service area of Station KLAD, Klamath Falls, Oregon, of which Jackson is licensee, and would serve a portion of the service area of a newly authorized standard broadcast station at Redding, California, in which Jackson has a partnership interest and that, therefore, a question may be presented under the provisions of § 3.35 of the Commission's rules on multiple ownership; that K. C. Laurance has alleged that a grant of the application for a standard broadcast sta-

tion at Weed, California, may be in contravention of § 3.35 of the Commission's rules in view of the interests of Philip D. Jackson in other nearby broadcast facilities, and that the application for a new standard broadcast station at Weed was filed to delay a grant of the application of K. C. Laurance with no intention of constructing the station; that in reply to a letter from the Commission dated February 14, 1957, C. E. Wilson, (former partner of Jackson's in a partnership which, prior to April 26, 1957, requested the facilities now requested by Jackson), denied the allegations of K. C. Laurance, stating under oath that it is not believed that the Weed proposal presents any substantial question under § 3.35 of the Commission's rules; that the Weed proposal was not filed for the purpose of delaying a grant of the application of K. C. Laurance; and that it is the "firm representation" of the applicant for the Weed facility that the proposed station will be built if the application is granted; and

It further appearing that, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the subject applicants were advised by letter dated May 15, 1957, of the aforementioned deficiencies, allegations and replies thereto, and that the Commission was unable to conclude that a grant of either application would be in the public interest; and

It further appearing that, K. C. Laurance replied by letter dated May 31, 1957, and reiterated his allegations that a grant of the Weed proposal would be in contravention of § 3.35 of the Commission's rules and that the application for a new station at Weed was filed to delay a grant of Laurance's application; and

It further appearing that Philip D. Jackson replied by letter of June 3, 1957, and ratified the replies of C. E. Wilson to Laurance's allegations and stated that the application for the Redding station had been amended since the date of Wilson's statement to specify another frequency (1270 kilocycles in lieu of 950 kilocycles) with the result that the extent of the overlap between the Redding station and the Weed proposal had been reduced; and

It further appearing that the Commission, after consideration of the above, is of the opinion that a hearing is necessary;

It is ordered, That, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the said applications are designated for hearing in a consolidated proceeding, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which would receive primary service from each of the proposed operations and the availability of other primary service to such areas and populations.

2. To determine whether a grant of the application of Philip D. Jackson would be in contravention of the provisions of § 3.35 of the Commission's rules on multiple ownership.

3. To determine whether the application of Philip D. Jackson was filed for the purpose of impeding, obstructing or delaying a determination on the application of K. C. Laurance.

4. To determine in the light of section 307 (b) of the Communications Act of 1934, as amended, which of the operations proposed in the above-captioned applications would better provide a fair, efficient and equitable distribution of radio service.

5. To determine in the light of the evidence adduced pursuant to the foregoing issues, which of the applications should be granted.

It is further ordered, That, to avail themselves of the opportunity to be heard, the applicants herein, pursuant to § 1.387 of the Commission's rules, in person or by attorney, shall within 20 days of the mailing of this order, file with the Commission, in triplicate, a written appearance stating an intention to appear on the date fixed for the hearing and present evidence on the issues specified in this order.

Released: July 31, 1957.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 57-6379; Filed, Aug. 2, 1957; 8:52 a. m.]

[FCC 57-832]

NOTICE TO SHIP OWNERS, SHIP MASTERS, SHIP RADIO STATION LICENSEES AND OTHERS IN THE MARINE INDUSTRY CONCERNED WITH THE SAFETY OF SHIPS

JULY 30, 1957.

In its January 3, 1957 report on the safety aspects of the collision at sea on July 25, 1956 between the passenger vessels "Stockholm" and "Andrea Doria", the House Committee on Merchant Marine and Fisheries, among other things, invited attention to the safety value of bridge-to-bridge direct radio telephonic communication and advised that this subject should be included in any program for a long range study of Safety of Life at Sea. The report noted that, at present, communication between the bridges of two ships at sea is generally conducted indirectly, i. e., from bridge to radio officer and thence via radiotelegraphy to the second ship's radio officer and finally to the second ship's bridge. It points out that the advantages of more rapid and intimate means of direct communications between ship's bridges by utilization of bridge radiotelephone, which is universal on the large ships sailing the Great Lakes and has proven its worth on those waters as an important navigational safety tool, have not been fully exploited by high seas vessels.

In the normal course of their voyages to the various ports of the world along the globe-girdling networks of sea lanes, ships frequently arrive at busy crossroads such as the scene of the "Stockholm"-"Andrea Doria" catastrophe off Nantucket, where they find it necessary to cross the course of other ships at close quarters. During thick weather, radar on the bridges of two approaching ships may indicate the development of a collision situation, with neither bridge provided with timely foreknowledge as to the course change the other ship's officers will take. Also, ships traveling to and from tidewater ports located on rivers or bays may be required to pass each other while being navigated in very narrow dredged channels, or their approach to each other may be hidden by a sharp turn in the waterway.

In any one of the above-described or other similar situations, the provision of radiotelephone facilities whereby the navigating officers on the ships' bridges could quickly and positively check directly with each other as to the projected navigational or piloting action they each will take should serve to appreciably enhance the continued safety of the ships.

The rules and regulations of the Federal Communications Commission have, continually since 1952, provided for the licensing of installations of low-powered, short-range, compact VHF radiotelephone equipment on vessels. Such equipment can provide the means whereby navigating officers may talk directly with each other from ship bridge to ship bridge. Under the rules, such equipment may be used on United States ships and on ships of other nations within the territorial waters of the United States. A summary of the regulatory requirements, and a list of rule sections applicable to such installations, are appended to this notice for convenient reference.

At this time, the Commission is not aware of any rule amendments that are necessary in order to expedite or facilitate additional voluntary installations of "bridge" VHF radiotelephone equipment. As stated above, such installations on board numerous commercial vessels plying the Great Lakes are in daily use and have demonstrated their value. Hence, this facility is not regarded as a "new device or system" in so far as ships of the United States are involved. All interested persons, however, are urged to give this matter their consideration and to submit to the Commission by not later than October 1, 1957 any comments concerning rule changes which they may believe necessary or desirable to facilitate or encourage the early installation of "bridge" VHF radiotelephone equipment on board more ships of the United States, especially on board more oceangoing ships of the United States Merchant Marine.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

REGULATORY REQUIREMENTS FOR VERY HIGH FREQUENCY (VHF) BRIDGE-TO-BRIDGE RADIOTELEPHONE TRANSMITTERS AND RECEIVERS FOR USE ON BOARD SHIPS OF THE UNITED STATES

The following requirements for VHF transmitters and receivers for bridge-to-bridge (intership) radiotelephone communication are based upon existing Rules and Regulations of the Federal Communications Commission. At the end of the statement of each requirement, the applicable section of the rules is set forth.

TRANSMITTERS

1. Must be type-accepted by the Commission, unless licensed as developmental stations. 8.139 (a) (1).

2. Must be capable of operation by means of class F3 emission on not less than three[1] authorized radio-channels as follows (unless licensed as a developmental station, or unless licensed as a "marine-utility" or other station of a portable nature which is not capable of a plate input power in excess of 3 watts and is not capable of being readily adjusted for operation on more than one radio-channel):

156.8 Mc. for calling and safety communication—156.3 Mc for general intership communication—one other frequency in the band 156.25 Mc to 157.45 Mc authorized for communication with a coast station or stations. 8.106 (c).

3. Class of emission must be F3 (frequency modulation or "FM"), with frequency deviation not to exceed 15 kc when 100 percent modulation is applied. 8.137 (c).

4. Must maintain carrier frequency within 0.005 percent of authorized carrier frequency, or within 0.01 percent if the plate input power does not exceed 3 watts. 8.131 (c) (2).

5. Radiation must be vertically polarized unless special showing of need for other polarization is made and accepted. 8.107 (b).

6. Must automatically prevent modulation in excess of 100 percent (see item 3 above) unless the plate input power does not exceed 3 watts. 8.137 (a).

7. The maximum authorized transmitter power (final radio stage plate input) must not exceed 100 watts except for "marine-utility" stations. For the latter, this power must not exceed 10 watts. 8.134 (e).

8. The emission band-width authorized for the transmission of speech is 40 kc as expressed by the emission designator 36F3. 8.133 (c).

9. Must comply with spurious emission limitations which specify that emission removed from the actual carrier frequency by at least 50 percent but not more than 100 percent of the authorized emission bandwidth (40 kc) shall be attenuated not less than 25 db below the power of the carrier (unless licensed as a developmental station.)[2] 8.136 (a) (1).

10. The "harmonic-frequency" emission, i. e., emission removed in frequency from the actual carrier frequency by more than 100 percent of the authorized emission bandwidth (40 kc) shall be not less than $40+10 \log_{10}$ (power in watts) db below the power of the carrier where the "power in watts" is the maximum "authorized transmitter power" in watts, as the latter power is defined in section 8.7 (ii) of the Commission Rules without applying the "power tolerance" prescribed in Rule section 8.110 (a) (unless licensed as a developmental station).[2] 8.136 (a) (2).

[1] The installation can be one multi-channel transmitter or a plurality of separate transmitters for each station.

RECEIVERS

1. Must be capable of reception of class F3 emission on not less than three[3] authorized radio-channels as follows (unless the associated transmitter is licensed exceptionally as set forth herein in item 2 for Transmitters):

156.8 Mc for calling and safety communication—156.3 Mc for general intership communication—One other frequency in the band 156.25 Mc to 157.45 Mc (or for duplex operation in the band 161.85 to 162.05 Mc—by interpretation of rule) authorized for communication with a coast station or stations. 8.106 (c).

2. Receivers manufactured after October 1, 1956 must meet the requirements of Part 15 with respect to radiation limits, certification and identification of certification, or alternatively be licensed as radio stations. 15.2 (b), 15.62, 15.64, 15.65, 15.66, 15.68. Regardless of certification, however, the receiver shall not cause harmful interference. 15.69, 8.135 (a).

STATIONS AND OPERATION

Other Commission Rules that apply to VHF radiotelephone installations as ship stations, and to related matters, are §§ 8.3 (g) and (i), 8.5 (a), 8.39, 8.40, 8.66, 8.71, 8.102; 8.104 (a), (c), (d), (f) (2), and (g); 8.109, 8.110, 8.111, 8.112, 8.137 (b), 8.155 (a) and 8.366 (b) (3), (c) (2), (e), and (h).

[F. R. Doc. 57-6380; Filed, Aug. 2, 1957; 8:52 a. m.]

[2] These limitations may be modified by the findings in Docket 11654.

[3] The installation can be one multi-channel receiver or a plurality of separate receivers for each station.

INTERSTATE COMMERCE COMMISSION

FOURTH-SECTION APPLICATIONS FOR RELIEF

JULY 31, 1957.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT HAUL

FSA No. 34082: *Roofing and building material, Illinois territory to the South.* Filed by R. G. Raasch, Agent, for interested rail carriers. Rates on roofing and building material, carloads, minimum 80,000 pounds from points in Illinois territory to points in southern territory.

Grounds for relief: Short-line distance formula, market competition, and circuitous routes.

Tariff: Supplement 12 to Agent Raasch's tariff I. C. C. 880.

FSA No. 34083: *Bottles and fence rails between points in Texas.* Filed by J. F. Brown, Agent, for interested rail carriers. Rates on glass bottles, carboys, demijohns, jars, noibn, other than cut, carloads, and iron and steel fence rails, not ornamental, carloads between points within Texas over interstate routes.

Grounds for relief: Short-line distance scales, Texas intrastate competition, and circuitous routes.

Tariff: Supplement 43 to Agent Brown's tariff I. C. C. 865.

FSA No. 34085: *Plaster and Wallboard From Gibsonburg and Woodville, Ohio.* Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on plaster, wallboard, and related articles, carloads from Gibsonburg and Woodville, Ohio to points in official territory.

Grounds for relief: Modified short-line distance formula, and circuitous routes.

FSA No. 34086: *Glass Containers Between Illinois and Southern Territories.* Filed by R. G. Raasch, Agent, for interested rail carriers. Rates on bottles, carboys, demijohns, jars, etc., carloads between points in Illinois territory, on the one hand, and points in southern territory, on the other.

Grounds for relief: Circuitous routes operating in part west of the Mississippi River.

Tariff: Supplement 12 to Agent Raasch's tariff I. C. C. 880.

AGGREGATE OF INTERMEDIATES

FSA No. 34084: *Bottles and Fence Rails Between Points in Texas.* Filed by J. F. Brown, Agent, for interested rail carriers. Rates on glass bottles, carboys, demijohns, jars, noibn, carloads, and iron and steel fence rails, carloads, between points within Texas over interstate routes.

Grounds for relief: Maintenance without use as combination rate factors, of rates between points in Texas established to meet Texas intrastate competition.

Tariff: Supplement 43 to Agent Brown's tariff I. C. C. 865.

By the Commission.

[SEAL] HAROLD D. MCCOY, *Secretary.*

[F. R. Doc. 57-6366; Filed, Aug. 2, 1957; 8:49 a. m.]