

Codification Guide

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published in today's issue. A cumulative list of parts affected, covering the current month to date, appears at the end of each issue beginning with the second issue of the month.

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CFR SUPPLEMENTS

(As of January 1, 1960)

The following Supplements are now available:

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Previously announced: Title 3 (\$0.60); Titles 4-5 (\$1.00); Title 7, Parts 1-50 (\$0.45); Parts 51-52 (\$0.45); Parts 53-209 (\$0.40); Title 8 (\$0.40); Title 9 (\$0.35); Titles 10-13 (\$0.50); Title 20 (\$1.25); Titles 22-23 (\$0.45); Title 26 (1939), Parts 1-79 (\$0.40); Parts 80-169 (\$0.35); Parts 170-182 (\$0.35); Parts 300 to End (\$0.40); Title 26, Part 1 (\$1.01-1.499) (\$1.75); Parts 1 (\$1.500 to End)-19 (\$2.25); Parts 170-221 (\$2.25); Titles 30-31 (\$0.50); Title 32, Parts 700-799 (\$1.00); Part 1100 to End (\$0.60); Title 36, Revised (\$3.00); Title 38 (\$1.00); Title 46, Parts 146-149, Revised (\$6.00); Title 49, Parts 1-70 (\$1.75); Parts 91-164 (\$0.45).

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Rules and Regulations

Title 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

Department of the Interior

Effective upon publication in the FEDERAL REGISTER, paragraph (f) (1) of § 6.110 is amended as set out below.

§ 6.110 Department of the Interior.

(f) *National Parks Service.* (1) Park Ranger positions (general, naturalist, historian, and archeologist) at salaries equivalent to grade GS-4 or below, and not to exceed 200 such positions at salaries equivalent to grade GS-6 or GS-5 in which the duties are supervisory or are limited to a highly specialized part of the duties performed by career protective or interpretive personnel of the National Park Service. Employment at salaries equivalent to GS-6 or GS-5 is restricted to persons who have had at least two seasons of experience in the National Park Service as a park ranger at a salary equivalent to GS-4. Employment under this subparagraph shall be only for duty that is temporary, intermittent, or seasonal; and no person shall be employed by the National Park Service under this subparagraph or under a combination of this and any other excepting authorities in excess of 180 working days a year.

(R.S. 1753, sec. 2, 22 Stat. 403, as amended; 5 U.S.C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] MARY V. WENZEL,

Executive Assistant.

[F.R. Doc. 60-2971; Filed, Mar. 31, 1960; 8:46 a.m.]

Title 7—AGRICULTURE

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[Grapefruit Reg. 323]

PART 933—ORANGES, GRAPEFRUIT, TANGERINES, AND TANGELOS GROWN IN FLORIDA

Limitation of Shipments

§ 933.1010 Grapefruit Regulation 323.

(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 33, as amended (7 CFR Part 933), regulating the handling of oranges, grapefruit, tangerines, and tangelos

grown in Florida, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations of the committees established under the aforesaid amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of grapefruit, 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 thereof in the FEDERAL REGISTER (5 U.S.C. 1001-1011) 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; 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. Shipments of all grapefruit, grown in the production area, are presently subject to regulation by grades and sizes, pursuant to the amended marketing agreement and order; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after an open meeting of the Growers Administrative Committee on March 29, 1960, such meeting was held to consider recommendations for regulation, after giving due notice of such meeting, and interested persons were afforded an opportunity to submit their views at this meeting; the provisions of this section, including the effective time hereof, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such grapefruit; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period hereinafter set forth so as to provide for the continued regulation of the handling of grapefruit, and compliance with this section will not require any special preparation on the part of the persons subject thereto which cannot be completed by the effective time hereof.

(b) *Order.* (1) Terms used in the amended marketing agreement and order shall, when used herein, have the same meaning as is given to the respective term in said amended marketing agreement and order; and terms relating to grade, diameter, standard pack, and standard box, as used herein, shall have the same meaning as is given to the re-

spective term in the United States Standards for Florida Grapefruit (§§ 51.750 to 51.790 of this title); and the term "mature" shall have the same meaning as set forth in section 601.16 Florida Statutes, Chapters 26492 and 28090, known as the Florida Citrus Code of 1949, as supplemented by section 601.17 (Chapters 25149 and 28090) and also by section 601.18, as amended June 22, 1955 (Chapter 29760).

(2) Grapefruit Regulation 322 (§ 933-1008; 25 F.R. 1936) is hereby terminated effective at 12:01 a.m., e.s.t., April 1, 1960.

(3) During the period beginning at 12:01 a.m., e.s.t., April 1, 1960, and ending at 12:01 a.m., e.s.t., May 2, 1960, no handler shall ship between the production area and any point outside thereof in the continental United States, Canada, or Mexico:

(i) Any seeded grapefruit, grown in the production area, which are not mature and do not grade at least U.S. No. 1 Bronze;

(ii) Any white seeded grapefruit, grown in the production area, which are smaller than $3\frac{1}{16}$ inches in diameter, measured midway at a right angle to a straight line running from the stem to the blossom end of the fruit, except that a tolerance of 10 percent, by count, of seeded grapefruit smaller than such minimum size shall be permitted, which tolerance shall be applied in accordance with the provisions for the application of tolerances, specified in said United States Standards for Florida Grapefruit;

(iii) Any pink seeded grapefruit, grown in the production area, which are smaller than $3\frac{1}{16}$ inches in diameter, measured midway at a right angle to a straight line running from the stem to the blossom end of the fruit, except that a tolerance of 10 percent, by count, of seeded grapefruit smaller than such minimum size shall be permitted, which tolerance shall be applied in accordance with the provisions for the application of tolerances, specified in said United States Standards for Florida Grapefruit;

(iv) Any seedless grapefruit, grown in the production area, which are not mature and do not grade at least U.S. No. 1: *Provided*, That such grapefruit may have discoloration to the extent permitted under the U.S. No. 2 Russet grade, and may have slightly rough texture caused only by speck type melanose; or

(v) Any white seedless grapefruit, grown in the production area, which are smaller than $3\frac{3}{16}$ inches in diameter, measured midway at a right angle to a straight line running from the stem to the blossom end of the fruit, except that a tolerance of 10 percent, by count, of seedless grapefruit smaller than such minimum size shall be permitted, which tolerance shall be applied in accordance with the provisions for the application

of tolerances, specified in said United States Standards for Florida Grapefruit; or

(vi) Any pink seedless grapefruit, grown in the production area, which are smaller than $3\frac{1}{16}$ inches in diameter, measured midway at a right angle to a straight line running from the stem to the blossom end of the fruit, except that a tolerance of 10 percent, by count, of seedless grapefruit smaller than such minimum size shall be permitted, which tolerance shall be applied in accordance with the provisions for the application of tolerances, specified in said United States Standards for Florida Grapefruit.

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

Dated: March 30, 1960.

S. R. SMITH,
Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.

[F.R. Doc. 60-3010; Filed, Mar. 31, 1960;
8:49 a.m.]

Title 33—NAVIGATION AND NAVIGABLE WATERS

Chapter I—Coast Guard, Department of the Treasury

PART 19—WAIVERS OF NAVIGATION AND VESSEL INSPECTION LAWS AND REGULATIONS

"M.V. Four Winds" and "M.V. Sirena"

CROSS REFERENCE: For documents affecting §§ 19.75 and 19.76 of this part, see Title 46, Chapter I, Part 154 (Docs. 60-2973 and 60-2974, respectively) *infra*.

Title 46—SHIPPING

Chapter I—Coast Guard, Department of the Treasury

SUBCHAPTER O—REGULATIONS APPLICABLE TO CERTAIN VESSELS DURING EMERGENCY [CGFR 60-19]

PART 154—WAIVERS OF NAVIGATION AND VESSEL INSPECTION LAWS AND REGULATIONS¹

"M.V. Four Winds"

Pursuant to the request of the Deputy Assistant Secretary of Defense (Supply and Logistics), in a letter dated January 27, 1960, made under the provisions of section 1 of the act of December 27, 1950 (64 Stat. 1120; 46 U.S.C., note prec. 1), and a delegation of authority from the Secretary of Defense, the navigation and vessel inspection laws are waived to the extent and in the manner described in § 154.75 until July 1, 1961.

The purpose for the following waiver order designated § 154.75, as well as 33

¹ This is also codified as 33 CFR Part 19.

CFR 19.75, is to waive the navigation and vessel inspection laws, and regulations issued pursuant thereto which are administered by the United States Coast Guard, as requested by the Deputy Assistant Secretary of Defense (Supply and Logistics), and to publish the terms of this waiver in the FEDERAL REGISTER. It is hereby found that compliance with the Administrative Procedure Act (respecting notice of proposed rule making, public rule making procedure thereon, and effective date requirements thereof), is impracticable and contrary to the public interest.

With respect to the operation of the "M.V. Four Winds", the prior waiver with respect to citizenship requirements for officers and crew members (not published in the FEDERAL REGISTER) is hereby canceled and superseded by the waiver in this document.

By virtue of the authority vested in me as Commandant, United States Coast Guard, by an order of the Acting Secretary of the Treasury dated January 23, 1951, identified as CGFR 51-1, and published in the FEDERAL REGISTER dated January 26, 1951 (16 F.R. 731), the following waiver order is promulgated and shall be in effect to and including June 30, 1961, unless sooner terminated by proper authority:

§ 154.75 "M.V. Four Winds", O.N. 203147.

(a) Pursuant to the request of the Deputy Assistant Secretary of Defense (Supply and Logistics) in a letter dated January 27, 1960, made under the provisions of section 1 of the Act of December 27, 1950 (64 Stat. 1120; 46 U.S.C., note prec. 1), and a delegation of authority from the Secretary of Defense, I hereby waive in the interest of national defense compliance with certain provisions of the navigation and vessel inspection laws administered by the Coast Guard, as well as the regulations issued thereunder and published in 33 CFR Chapter I or in this chapter, to the extent necessary to permit the "M.V. Four Winds", O.N. 203147, owned by Bruan Shipping Corporation, P.O. 964, Agana, Guam, Marianas Islands, to have a certificate of inspection for an "ocean" route, and permission to operate so long as such vessel is in compliance with the applicable laws and the following minimums for certain manning and employment requirements in lieu of those prescribed in law:

(1) The master shall be in possession of an appropriate master's license and merchant mariner's document issued by the U.S. Coast Guard.

(2) The master and crew members shall have security clearances issued by the appropriate U.S. military authority having security control over Guam and its waters.

(3) U.S. citizens who do not possess the appropriate Coast Guard licenses and/or merchant mariner's documents required by law, and whose licenses and/or merchant mariner's documents are not now either suspended or revoked, may be employed as crew members to the extent found necessary by the

Officer in Charge, Marine Inspection, Guam.

(4) Aliens, except as set forth in subparagraph (1) of this paragraph, may be employed as crew members to the extent found necessary by the Officer in Charge, Marine Inspection, Guam.

(5) To permit the employment, shipment, and/or discharge of officers and crew members, and/or payment of wages to officers and crew members, to be under the supervision of the vessel's master so long as the master shall report the shipment and discharge of seamen, etc., to the Coast Guard in the same manner and under the same procedures as required when seamen are not shipped or discharged before a Coast Guard official or in the presence of a United States Consular Officer, and the master shall submit such information on Form CG-735T for each completed, round-trip voyage to a port or ports outside the Marianas Islands, or for each quarter or for each shorter period of time when the vessel's operations are confined exclusively to the Marianas Islands, so that reports on Form CG-735T will cover the entire time such vessel is in operation.

(b) This waiver order shall be in effect to and including June 30, 1961, unless sooner terminated by proper authority.

(Sec. 1, 64 Stat. 1120; 46 U.S.C., note prec. 1)

Dated: March 25, 1960.

[SEAL] A. C. RICHMOND,
Vice Admiral, U.S. Coast Guard,
Commandant.

[F.R. Doc. 60-2973; Filed, Mar. 31, 1960;
8:46 a.m.]

[CGFR 60-20]

PART 154—WAIVERS UNDER NAVI- GATION AND VESSEL INSPECTION LAWS AND REGULATIONS¹

"M.V. Sirena"

Pursuant to the request of the Assistant Secretary of Defense (Supply and Logistics) in a letter dated March 3, 1960, made under the provisions of section 1 of the Act of December 7, 1950 (64 Stat. 1120; 46 U.S.C., note prec. 1), and a delegation of authority from the Secretary of Defense, the navigation and vessel inspection laws and regulations administered by the Coast Guard are waived to the extent and in the manner described in § 154.76 until July 1, 1961.

The purpose for the following waiver order designated § 154.76, as well as 33 CFR 19.76, is to waive the navigation and vessel inspection laws, and regulations issued pursuant thereto which are administered by the U.S. Coast Guard, as requested by the Assistant Secretary of Defense (Supply and Logistics), and to publish the terms of this waiver in the FEDERAL REGISTER. It is hereby found that compliance with the Administrative Procedure Act (respecting notice of proposed rule making, public rule making procedures thereon, and effective date

¹ This is also codified as 33 CFR Part 19.

requirements thereof) is impracticable and contrary to the public interest.

By virtue of the authority vested in me as Commandant, United States Coast Guard, by an order of the Acting Secretary of the Treasury dated January 23, 1951, identified as CGFR 51-1, and published in the FEDERAL REGISTER dated January 26, 1951 (16 F.R. 731), the following waiver order is promulgated and shall be in effect to and including June 30, 1961, unless sooner terminated by proper authority:

§ 154.76 "M.V. Sirena" (formerly FS-364).

(a) Pursuant to the request of the Assistant Secretary of Defense (Supply and Logistics) in a letter dated March 3, 1960, made under the provisions of section 1 of the Act of December 27, 1950 (64 Stat. 1120; 46 U.S.C., note prec. 1), and a delegation of authority from the Secretary of Defense, I hereby waive in the interest of national defense compliance with certain provisions of the navigation and vessel inspection laws administered by the Coast Guard, as well as the regulations issued thereunder and published in 33 CFR Chapter I or in this chapter, to the extent necessary to permit the "M.V. Sirena" (formerly FS-364), owned by Jones and Guerrero Co., Inc., Agana, Guam, Marianas Islands, to have a certificate of inspection for an "ocean" route, and permission to operate so long as such vessel is in compliance with the applicable laws and the following minimums for certain manning and employment requirements in lieu of those prescribed in law:

(1) The master, chief mate and chief engineer shall be in possession of appropriate licenses and merchant mariner's documents issued by the U.S. Coast Guard.

(2) The master and crew members shall have security clearances issued by the appropriate U.S. military authority having security control over Guam and its waters.

(3) U.S. citizens who do not possess the appropriate Coast Guard licenses and/or merchant mariner's documents required by law, and whose licenses and/or merchant mariner's documents are not now either suspended or revoked, may be employed as crew members to the extent found necessary by the Officer in Charge, Marine Inspection, Guam.

(4) Aliens, except as set forth in subparagraph (1) of this paragraph, may be employed as crew members to the extent found necessary by the Officer in Charge, Marine Inspection, Guam.

(5) To permit the employment, shipment and/or discharge of officers and crew members, and/or payment of wages to officers and crew members, to be under the supervision of the vessel's master so long as the master shall report the shipment and discharge of seamen, etc., to the Coast Guard in the same manner and under the same procedures as required when seamen are not shipped or discharged before a Coast Guard official or in the presence of a United States Consular Officer, and the master shall sub-

mit such information on Form CG-735T for each completed, round-trip voyage to a port or ports outside the Marianas Islands, or for each quarter or for each shorter period of time when the vessel's operations are confined to the Marianas Islands, so that reports on Form CG-735T will cover the entire time such vessel is in operation.

(b) This waiver order shall be in effect to and including June 30, 1961, unless sooner terminated by proper authority.

(Sec. 1, 64 Stat. 1120; 46 U.S.C., note prec. 1)

Dated: March 25, 1960.

[SEAL] A. C. RICHMOND,
Vice Admiral, U.S. Coast Guard,
Commandant.

[F.R. Doc. 60-2974; Filed, Mar. 31, 1960;
8:46 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter II—Civil Aeronautics Board

SUBCHAPTER A—ECONOMIC REGULATIONS

[Reg. ER-298]

PART 241—UNIFORM SYSTEM OF ACCOUNTS AND REPORTS FOR CERTIFICATED AIR CARRIERS

Depreciation, Overhaul and Spare Parts Accounting Practices

Adopted by the Civil Aeronautics Board at its office in Washington, D.C., on the 25th day of March 1960.

A notice of proposed rule-making amending the Board's accounting manual was published in the FEDERAL REGISTER (24 F.R. 6852), and circulated to the industry as EDR-4, Docket 10792, dated August 18, 1959.

The proposed regulation was directed principally at achieving consistency between the Board's accounting regulations and the judgment in *Alaska Airlines, Inc. et al. v. Civil Aeronautics Board et al.*, D.C.D.C. Civil No. 3638-56; 103 U.S. App. D.C. 225, 257F. 2d 229; cert. den. 358 U.S. 881. The proposed regulation also reflected changes in certain accounting and reporting practices with respect to the maintenance (including overhaul) of property and equipment and sought to effect certain clarifications of regulatory requirements.

An informal conference on the proposed regulation was held between representatives of the industry and members of the Board's staff on November 18 and 19, 1959 following public notice thereof by a supplemental notice of proposed rule-making circulated to the industry September 18, 1959 as EDR-4A (24 F.R. 7620), and written comments have been received.

In their comments the industry expressed concern with the proposed regulation in four principal areas as follows:

1. Those provisions which would forbid the use of maintenance reserves and would require the capitalization and amortization of each overhaul.

2. Those provisions which would revise the policy concerning the allocation of maintenance burden to capital projects, outside service sales, overhauls and recurrent repairs.

3. Those provisions concerning the classification of flight equipment spare parts and assemblies as between fixed and current assets, which classification the industry would prefer to leave to the option of each carrier, and to the use of the restrictive term "obsolescence" instead of "depreciation" in relation to reserves for losses on parts and assemblies.

4. Effecting revisions to the accounting manual of the scope entailed in the proposed regulation without including other revisions which the industry also considers desirable.

1. *Maintenance reserves.* Under the draft release EDR-4, direct costs and maintenance burden associated with the overhaul of airframes and aircraft engines would be charged to prepayment accounts for amortization over the subsequent overhaul cycle, when direct expensing of overhauls would not effect an equitable allocation of cost between different periods in relation to the use of airframes or aircraft engines. In addition, each carrier would have the option to accelerate depreciation accruals on new property units to reflect the dissipation in values for use associated with the lag which commonly exists in achieving a repetitive overhaul pattern. Thus, under the draft release, expenditures in acquiring properties and expenditures for overhaul of properties would be accounted for separately and amortized independently of each other in accordance with their respective rates of consumption in operations. Since these practices would provide for the full recovery of all costs, no provisions were made in the draft release for "maintenance reserves" as such.

While a significant segment of the industry concurs in the principles embodied in the draft release there is also a large segment which opposes such regulations principally on the grounds that: (a) They would provide for reflecting maintenance costs attributable to usage in a fiscal period subsequent to actual usage; and (b) they would not adhere to the general accounting practice of reflecting assets at their original cost values. In general, the airlines request that each carrier be accorded the option to either defer overhaul costs for subsequent amortization, provide a maintenance reserve to be reflected, as elected by each carrier, either as an asset valuation or liability reserve, or expense each overhaul cost directly as incurred.

It is believed demonstrable that, contrary to the views expressed by some carriers, the accounting practices under the draft release would reflect maintenance costs in the period of usage and not in periods subsequent thereto. It is nevertheless, also a fact that the provisions in the draft release would not conform with the general accounting practice of retaining gross assets at acquisition cost. While under general accounting practice the carrying value of properties is typically restated for bet-

terments or major reconstructions directed at restoring their serviceability, this practice is generally limited to renewals of major structural parts which are identifiable by physical components. Identification by components is not generally the case with respect to overhauls of flight equipment.

Overhauls of flight equipment are stringently controlled by the Civil Air Regulations as a part of the safety program of reasonably assuring that flight equipment is at all times airworthy. Each airframe and aircraft engine, under this program, must be completely inspected within prescribed periodic intervals which are unrelated to the over-all serviceability period adopted, largely on the basis of economic considerations, for depreciation purposes. The required periodic inspection may or may not require renewal of major structural parts or involve the substitution of rotatable parts maintained apart from overhauls. Consequently, in very large part, the costs of overhauls in the air transport industry are nothing more than costs of recertifying the airworthiness¹ of flight equipment for continued use and only to a limited extent a cost of restoring physically deteriorated property components. The airworthiness of each unit is directly controlled by the terms of the overhaul cycle prescribed for each type of equipment and the performance of each overhaul extends the airworthiness for another cycle. Thus, while at times the dissipation of airworthiness values is loosely characterized as "depreciation," this term is wrongly applied. The correct meaning of the term "depreciation accounting" is limited to "a system of accounting which aims to distribute the costs or other basic value of *tangible* capital assets * * *" (emphasis supplied). American Institute of Accountants, Accounting Research Bulletin No. 22, May 1944, page 179.² The term "depreciation" is thus inaccurately applied to a distribution of intangible asset costs such as costs of recertifying flight equipment airworthiness and related accumulated amortizations are not within the limited category of "depreciation reserves."

It is a basic objective of the Board to retain its accounting regulations in conformity with sound accounting principles. It is also the primary purpose of the Board's accounting regulations to reasonably assure basic comparability of the results from the accounting practices of all carriers subject to the regulations with a view to making the Uniform System of Accounts an effective tool for

¹ The term "airworthiness" is used in this discussion as a brief reference to the condition of maintenance required for air carrier aircraft by the applicable Civil Air Regulations. " * * * an airworthiness certificate shall remain in effect as long as the maintenance requirements of Part 43 (and, by reference in § 43.20, Part 18) of this subchapter are complied with." 14 CFR 1.64(a).

² "Depreciation is defined as the expense occasioned by the using up of physical property employed as fixed capital * * *" Lindhelmer v. Illinois Tel. Co., 292 U.S. 151, 173 (1934) (emphasis supplied).

carrying out its regulatory responsibilities. With respect to overhauls, the principal issues are whether accumulated reserves are to be treated as valuation reserves, offsetting the assets to which related, rather than as liabilities, and whether property values are to be restated to reflect the cost of each overhaul. The Board, for regulatory purposes, typically treats accumulated overhaul provisions insofar as related to owned properties, as valuation reserves. Moreover, this treatment is in complete accord with the general accounting principle that cost results from the consumption of expenditures made for goods or services and not from anticipated expenditures which may or may not be incurred.

At the same time the Board recognizes that accounting practices may exist which would support a view that accumulated overhaul provisions represent provisions for deferred repairs which are properly reflected on the "right hand" side of the balance sheet as a special type of deferred liability rather than as a valuation reserve to be reflected on the "left hand" side of the balance sheet. Nevertheless, the reports, as distinguished from the accounting, prescribed by the Board are essentially designed to provide information in the form required to facilitate performance of its regulatory responsibilities. Those responsibilities cannot be adequately met under circumstances in which basically inconsistent practices may be followed by the different carriers and each carrier's reports must be recast by the Board's staff to conform with basic principles adopted for regulatory purposes. Accordingly, for purposes of Board reporting the amended regulation provides that reserves for overhauls shall be characterized in terms of their basic purpose of measuring the expiration of flight equipment airworthiness and shall be reflected, on the "left hand" side of the balance sheet, separate from depreciation reserves, as a general valuation reserve offsetting total equipment investment.

Consequently, the regulation, as herein amended, establishes a general reserve captioned "Flight Equipment Airworthiness Reserve" through which provisions for both direct costs and related maintenance burden for overhauls of owned airframes and aircraft engines are to be accumulated, on the basis of experienced cost rates, when the direct expensing of overhauls will not effect an equitable allocation of maintenance expenses between different accounting periods. Accumulated provisions for overhaul of leased flight equipment are to be treated in terms of their inherent characteristics, as either current or noncurrent liabilities. All provisions for overhaul are to be charged to a subaccount of a special overhaul provision maintenance expense account. The cost of each overhaul, as performed, is to be charged against the related airworthiness reserve, or leased equipment liability, and is to be credited to another subaccount of the overhaul provision expense account. The applicable maintenance objective

expense accounts are to be concurrently charged and appropriate asset or liability accounts credited with the costs incurred in each overhaul. Any material income tax difference associated with differences in overhaul costs for tax and accounting purposes are to be deferred for amortization in accordance with the recognition of such costs for tax purposes. Since, under the prescribed methods, total costs associated with overhauls may be accounted for through airworthiness reserves no provision is made, as it was in the draft release, for the separate write-off, as depreciation, of costs associated with the lag in performance of expired overhauls on new property units.

In conformance with the general accounting practice of retaining properties at acquisition cost, the amended rule provides that the cost of overhauls shall be charged against the related Flight Equipment Airworthiness Reserve rather than the property or other asset accounts. This practice is consistent with the view that an overhaul constitutes a cost, not identified with specific property components, necessary to generally restore flight equipment to an airworthy condition which as incurred represents either a restoration of the intangible value associated with airworthiness which has been dissipated through use or, under the alternative view, the liquidation of deferred liabilities entailed in the restoration of airworthiness. Thus, the regulation as amended herein provides information to the Board in the form consistent with regulatory practices and provides each carrier management latitude to classify Flight Equipment Airworthiness Reserves as it sees fit for purposes other than reporting to the Board. The carrier's choice thus includes continuation of the accounting treatment of overhaul reserves which was provided by the Board's regulations prior to the promulgation of ER-210. Of course, if there remains a difference between classification of the account in the reports to the Board and in the carrier's balance sheet after audit by independent public accountants, such difference will be reported pursuant to § 248.3 of Part 248 of the Board's regulations.

2. *Maintenance burden.* The proposed regulation would provide that maintenance burden be charged to a clearing account to be allocated completely each accounting period as between capital projects, outside service sales, overhauls and current repairs. Some air carriers oppose the proposed revision on the ground that it would be burdensome to administer, would involve allocations which produce meaningless results and would destroy comparability with past periods.

As amended, the regulation withdraws the proposed revision and retains in basic outline the existing provisions. However, provisions have been inserted to: (1) Require, specifically with respect to maintenance burden, that the costs included within each maintenance burden objective account, shall be reasonably representative of the costs attributable

to the air carrier's transport operations; (2) require a full allocation of maintenance burden to overhauls accounted for on an accrual as opposed to a "cash" basis and to outside service sales unless such services are so infrequent and of such small volume as to create no material demands upon the air carrier's maintenance facilities; and (3) require that burden allocations to overhauls be effected by credits to overhaul provision expense accounts and that all other burden allocations be effected through the individual objective accounts concerned unless inclusion of transfer credits in a single account will not impair the significance of each detailed account.

The proposed revision was directed at achieving basic comparability in the cost attributed to overhauls whether such overhauls are performed by each carrier internally or by outside service agencies, and to reasonably assure that reported maintenance costs for each period are fairly representative of the air carrier's current air transport operations. Upon consideration of the industry's views on this matter and the fact that the problems to be met are largely limited to the costing of those flight equipment overhauls accounted for on an accrual basis and to outside service sales, which are of significant volume to relatively few carriers, the Board considers that changes for the industry generally of the scope proposed are not warranted at this time. It is believed the underlying objective of reasonably assuring that reported maintenance costs are fairly representative, by individual objective accounts, of each carrier's air transport operations and are equitably allocated between accounting periods can be achieved substantially under the regulations as here modified.

In the interest of maintaining consistency in the practices followed for both accounting and reporting purposes, the regulation has also been amended to require (1) that the presently required memorandum allocation of maintenance burden between different property classes shall be effected upon such bases as will reflect the allocation of expenses between different accounting periods through the use of Flight Equipment Airworthiness Reserves; and (2) that depreciation of maintenance facilities shall be excluded from the maintenance burden so allocated.

3. Flight equipment spare parts and assemblies. The draft release would divide spare parts and assemblies between expendables, to be classified as current assets, and rotables to be classified as fixed assets. The proposed rule would also provide that reserves for losses on expendable parts should consider the minimum inventory which will be on hand at retirement of the related equipment. The airlines contend that each carrier should have the option of classifying spare parts and assemblies as it considers appropriate. Notwithstanding this preference, the carrier representatives indicate they are prepared to classify expendable parts as current assets. They request, however, that the reserve and provision to anticipate losses be

termed "depreciation" rather than the more restrictive term "obsolescence".

The regulation, as here amended, retains the classification of spare parts as between current and fixed assets as proposed; substitutes the term "Obsolescence and Deterioration Reserves" for the more restrictive term "Reserve for Obsolescence" as applied to provisions for losses on expendable parts; removes the provision which would place limits on the expendable inventories against which loss reserves may be accrued; inserts a provision that expendable parts, applied in and subsequently recovered from operations and against which reserves for loss in value may be accrued, shall be valued at cost; and inserts provisions that each carrier shall: (a) Predetermine, and report to the Board, the level of inventories against which reserves are to be accrued, and (b) credit to a special expense account each quarter any excess of the predetermined inventory level subject to reserve accrual over the actual inventory.

As previously indicated, a basic objective of the Board's accounting regulations is to achieve reasonable comparability in accounting results as between carriers. Divergent practices with respect to inventories may have a profound effect upon substantive accounting results far beyond the form of presenting such results in the financial statements. Moreover, a fair presentation of financial position requires that a differentiation be made as between those inventories which will ordinarily be consumed by units in current operations from those properties which will be repetitively applied to operations over an extended period of time, embracing several accounting periods, and which will be consumed therein on a piecemeal depreciation basis. This differentiation is common to all accounting practice. With respect to repair parts, classification as current assets is almost the universal accounting practice outside the air transport industry and in fact is also favored by some air carriers. Consequently, the Board is of the opinion that the classification of flight equipment spare parts and assemblies cannot reasonably be left to the option of each individual carrier and that the proposed current asset classification of expendable parts should be retained.

There is some merit in the industry view that the term "obsolescence" as applied to reserves against expendable spare parts losses may be unduly restrictive. Different classes of parts which may be properly characterized as "expendable" may possess significantly different characteristics in the sense that certain classes once applied to operations may not be recovered and reused whereas other classes possess varying degrees of reparability and still other classes may deteriorate or decrease in economic value with time regardless of use. Hence losses may result from a variety of factors. However, the term "depreciation", preferred by some industry representatives, would seem to carry erroneous connotations as applied to current inven-

tories. For example, ordinary depreciation accounting practices according to which parts, upon being consumed, are charged to the reserve rather than to maintenance expense, would not be applied to expendable parts under either the industry's proposal or the Board's regulation. Contrary to usual depreciation accounting practices, such parts would be charged to expense when consumed, and not against the accumulated reserve, as is the ordinary practice with respect to depreciable assets. There is at this time no air carrier proposal before the Board to apply such usual depreciation accounting practices to expendable spare parts. Accordingly, as finalized, the regulation characterizes the accruals to the reserve for inventory losses as provisions for "Obsolescence and Deterioration—Expandable Parts." Should an air carrier propose to apply usual depreciation accounting practices to expendable spare parts, the Board would then take appropriate action.

Consistent with the broadened concept of reserves for expendable parts losses, the limitations the proposed rule would have placed on the inventory level against which such reserves would be appropriately applied have been eliminated. Full protection against potential loss of inventory values may be thus provided. Accordingly, in the interest of maximizing uniformity of accounting results as between carriers, the finalized rule requires that all parts, of a type against which reserves may be reasonably accrued which are once expensed and recovered shall be returned to inventory on a cost valuation basis. Moreover, the cost of expendable parts under the regulation is to be charged against income when issued for use, even though provisions for obsolescence and deterioration reserves are independently accrued. Consequently, under circumstances in which such reserves are accrued against peak inventory levels without recognition of the extent to which they may be reduced by the retirement date of the property to which related through normal consumption in operations, a potential exists for a temporary duplication in costs. Even though such cost duplication may be ultimately eliminated upon retirement of the inventory class involved, both the original duplication and its ultimate correction would produce distortions in the incidence of cost recognition between different accounting periods. In order to avoid such an eventuality, the finalized rule requires that each carrier predetermine and report to the Board the cost of each inventory class, against which reserves for obsolescence and deterioration are to be accrued. In addition, any excess of such predetermined inventory level over actual inventory, each quarter, is to be charged against the accumulated reserve and credited to a separately identified expense account.

4. Other proposed revisions. The industry advocates that Schedule B-9, Accrued Maintenance, which provides a quarterly analysis of maintenance reserves, be eliminated on the basis that

its value is not commensurate with the industry preparation burdens. In view of the significance of overhaul costs in air carrier operations, it is essential that information be available concerning related reserve balances and the impact of such provisions upon the income statement. However, quarterly filing, in the detail required by the present Schedule B-9, is not believed to be essential. In lieu thereof, a new annual schedule is provided disclosing the balance of flight equipment airworthiness reserves for each airframe and aircraft engine type as at December 31 each year. On a quarterly basis, provision is made for separate disclosure, through subaccounts of the expense provisions account, of: (1) Current period provisions for overhauls and (2) current period overhaul costs charged to accumulated reserve provisions.

The industry questioned the need for information as to inventory activity provided for on a proposed new Schedule B-9 Inventory of Flight Equipment Spare Parts and Assemblies. While such information is valuable in analyses involving inventory turnover rates or source and application of funds, the Board agrees that at this time the value is not sufficient to warrant the burden of preparation to the industry. Provisions for this information have, accordingly, been eliminated from this schedule. The schedule has been further modified to provide for the reporting of the inventory level for each class of parts against which reserves for loss in value are to be accrued and to establish a classification of interchangeable parts.

In addition to the foregoing, provisions in the existing regulations concerning the amortization of intangibles over their time incidence, which would have been deleted under the Draft Release, have been retained, in conformance with general accounting principles, as not involving tangible depreciable assets. Similarly, provisions have been inserted which prevent carriers from accumulating reserves for purposes or contingencies other than recovery of the cost of assets through income charges, either under the label of depreciation or otherwise. Depreciation is uniformly understood to relate only to the recovery of costs, and not to the creation of new capital from charges to expense. "It is a process of allocation, not of valuation." American Institute of Accountants, Restatement and Revision of Accounting Research Bulletins (1953) 67-8, 76. Cf. *U.S. v. Ludey*, 274 U.S. 295, 300-301 (1927); *Lindheimer v. Illinois Tel. Co.*, 292 U.S. 151, 168 (1934).

Changes have also been made from the Draft Release to make different provisions of the regulation consistent and to effect certain clarifications. None of these latter changes are intended to involve matters of substance.

It is of vital concern to both the industry and the Board that the matters here involved become finalized at the earliest practicable date. Accordingly, this regulation will become effective 30 days after publication in the FEDERAL REGISTER, but air carriers may apply its

provisions retroactively with respect to open fiscal years beginning prior to such otherwise effective date.

Interested persons have been afforded an opportunity to participate in the formulation of this amendment, and due consideration has been given to all relevant matters presented.

In consideration of the foregoing the Civil Aeronautics Board hereby amends Part 241 of the Economic Regulations (14 CFR Part 241), effective April 30, 1960, to read as follows:

1. By amending definitions of § 241.03 in the following respects:

(a) By deleting the words "and maintenance" from the definition of cost, depreciated;

(b) By amending the definition for residual value to read as follows:

Residual value. The predetermined portion of the cost of a unit of property or equipment excluded from depreciation. It shall represent a fair and reasonable estimate of recoverable value as at the end of the service life over which the property or equipment is depreciated and shall give due consideration to the proceeds anticipated from disposition of the property or equipment and the extent to which costs attaching to property or equipment are otherwise recoverable through charges against income.

2. By deleting § 241.1-9(c).

3. By deleting the second sentence of § 241.1-9(d).

4. By deleting the words "the required" from § 241.1-9(e).

5. By redesignating §§ 241.1-9 (d), (e), and (f) to 241.1-9 (c), (d), and (e), respectively.

6. By deleting from § 241.2-12 the word "parts" and substituting therefor the following: "materials, of a class for which the accrual of reserves for loss in value may not be feasible of accrual,"

7. By deleting § 241.2-14(a) and § 241.2-14(b).

8. By deleting the last sentence of § 241.2-14(c); by changing the citation of that paragraph to § 241.2-14(a) and by adding the following: "Depreciation chargeable against operations shall be limited to the actual costs incurred in the acquisition of the properties to which related. The cost of properties which are generally repaired and reused shall not upon retirement be charged against current operating expenses but, to the extent not written off in the form of depreciation, shall be treated as part of the capital gain or loss. The cost of properties of a type which are recurrently expended and replaced shall be charged to operating expenses as issued for use. However, the net charge to operating expense for any asset used, consumed or abandoned shall be limited to the difference between the cost incurred in acquisition and any related accrued depreciation."

9. By changing the citation of § 241.2-14(d) to § 241.2-14(b).

10. By deleting the first sentence of redesignated § 241.2-14(b) and substituting therefor the following: "(b) Each air carrier shall file with the Civil Aeronautics Board on or before July 1,

1960, a statement which shall clearly and completely describe for each classification of property and equipment the methods, service lives and residual values used for computing depreciation on the different sub-categories of property or equipment included therein. This statement shall be sufficiently descriptive to permit a pro forma construction of the depreciation calculation of each accounting period and shall include identification of those categories depreciated on a unit basis and those categories depreciated on a group basis, as well as the mathematical bases employed for allocating applicable costs to the different accounting periods."

11. By amending § 241.3 with respect to the following account designation under "Current Assets": "Reserve for obsolescence—expendable parts ----1311" to read "Obsolescence and deterioration reserves—expendable parts ----1311".

12. By deleting from § 241.3 under Property and Equipment accounts 1621, 1622, 1627, 1627.1, 1627.2, 1629, 1721, 1722, 1727, 1727.1, 1727.2, and 1729 and inserting thereunder the following:

Reserves for depreciation-----	1619	1719
Flight equipment airworthiness reserves-----	1629	1729

13. By deleting from § 241.3 under Other Noncurrent Liabilities the following subaccounts:

Maintenance liability—leased airframes-----	2290.2
Maintenance liability—leased aircraft engines-----	2290.3
Miscellaneous noncurrent liabilities-----	2290.9

14. By amending § 241.5-3(c) to read as follows:

(c) Operating and nonoperating property and equipment shall be accounted for separately in accordance with the following instructions:

(1) Investment in property and equipment shall be recorded at total cost including all expenditures applicable to acquisition, other costs of a preliminary nature, costs incident to placing in position and conditioning for operations, and costs of additions, betterments, improvements and modifications.

(2) The cost of additions, betterments, improvements and modifications shall be charged to the balance sheet account in which the property or equipment to which related is carried. (See § 241.2-9 for applicable accounting policy). The cost of parts and appurtenances removed, and the reserve for depreciation applicable thereto, shall be treated as for retired property and accounted for accordingly.

(3) If different classes of property and equipment chargeable to more than one property account are purchased for a single sum and the cost of each class cannot be definitely ascertained, apportionment shall be based upon the most accurate information available. If necessary, appraisals shall be made to establish the relative costs.

(4) If property and equipment is acquired as a part of a business from another air carrier through consolidation, merger, or reorganization, pursuant to a plan approved by the Civil Aeronautics

Board, the costs and related depreciation reserves as carried on the books of the predecessor company at the date of transfer shall be entered by the acquiring air carrier in the appropriate accounts prescribed for recording investments in tangible assets. Any difference between the purchase price of the property and equipment acquired and its depreciated cost at date of acquisition shall be recorded in balance sheet account 1870 Property Acquisition Adjustment.

(5) Upon disposal by sale, retirement, abandonment, dismantling, or otherwise, of equipment depreciated on a unit basis, the air carrier shall credit the accounts in which the costs related to the property or equipment are carried with the balances thereof; charge the related depreciation reserves with the balances applicable to the property disposed of; and charge the cash proceeds of the sale or the value of salvaged material to the appropriate asset accounts. Where the sales price or salvage value less the cost of dismantling differs from the costs related to the property less accrued depreciation reserves, such difference shall be recorded in the appropriate capital gain or loss accounts.

(6) Upon disposal by sale, retirement, abandonment, dismantling, or otherwise of property or equipment depreciated on a group basis, the air carrier shall credit the account in which the property or equipment is carried, and charge the related depreciation reserve with the original cost thereof, less any salvage realized, regardless of the age of the item. No gain or loss is recognized on the retirement of individual items of property or equipment depreciated on a group basis.

(7) If property is retired or disposed of as a result of major accident or other casualty, the costs related to such property, less accrued depreciation reserves, shall be charged to balance sheet account 1890 Other Deferred Charges pending adjustments and settlement of insurance. The resulting profit or loss, after reflecting adjustments for insurance coverage or self-insurance, shall be recorded in the appropriate capital gain or loss accounts. If the air carrier has no option but to accept replacement by an equivalent unit, the book cost and accrued depreciation reserves applicable to the unit disposed of shall be assigned to the new property or equipment. Where the air carrier has the option in settlement to select between replacement in kind and cash or its equivalent, the air carrier shall account for the property or equipment disposed of in accordance with subparagraph (5) or (6) of this paragraph. Any property or equipment purchased in replacement shall be recorded pursuant to subparagraph (1) of this paragraph.

(8) When property and equipment owned by the air carrier is applied as part payment of the purchase price of new property and equipment, the new property and equipment shall be recorded at its full purchase price provided an excessive allowance is not made for assets traded in, in lieu of price adjustments or discounts on the purchase price of as-

sets acquired. The difference between the depreciated cost of assets applied as payment and the amount allowed therefor shall be treated as retirement gain or loss.

(9) The cost of property and equipment acquired shall, upon acquisition, be recorded in the appropriate classification specifically established for such property and equipment; provided, that when operating property and equipment acquired requires conditioning or modification before placing in air transport or its incidental services, the cost thereof and related conditioning and modification costs shall be accumulated in balance sheet account 1689 Construction Work in Progress. The total accumulated cost shall be transferred to the appropriate operating property and equipment account coincidentally with the placing of the property and equipment into regular air transport or incidental services.

(10) When operating property or equipment is retired from air transportation or incidental operations and retained by the air carrier, its cost, together with applicable depreciation reserves, shall be transferred to balance sheet classification 1700 Nonoperating Property and Equipment. If property is transferred for exclusive use of separately operated divisions, the cost less related depreciation reserves shall be recorded in balance sheet account 1520 Advances to Separately Operated Divisions.

(11) The air carrier shall maintain property and equipment records setting forth the description of all property and equipment recorded in balance sheet classifications 1600 and 1700 Property and Equipment. With respect to each unit or group of property or equipment, the record shall show the date of acquisition, the original cost, the cost of additions and betterments, the cost of parts retired, rates of depreciation, residual values not subject to depreciation, and the date of retirement or other disposition.

(12) Property and equipment loaned, in the custody of, or consigned to the air carrier without a purchase obligation, shall not be recorded in the same manner as similar classes or types of property purchased by the air carrier. The property and equipment accounts shall not be charged with the value of such property, and liability accounts shall not be established, provided, however, that appropriate memoranda accounts may be maintained.

(13) Charges to the accounts prescribed herein shall be made upon the basis of functions performed without regard to the location at which the equipment or property is installed or placed.

(14) Objective accounts shall be maintained for each class of property and equipment in accordance with the instructions set forth in § 241.6.

15. By amending the title of § 241.5-4 to read "*Property and equipment depreciation and overhaul*" and the text thereof to read as follows:

(a) The balance sheet classification "depreciation reserves" shall include the accumulation of all provisions for losses occurring in property and equipment from use and obsolescence. For example, it shall include reserves for depreciation established to record current lessening in service value due to wear and tear from use and the action of time and the elements, as well as losses in capacity for use or service occasioned by obsolescence, supersession, discoveries, change in popular demand, or the requirement of public authority. Residual values and rates for accrual of depreciation shall be calculated to prevent charging excessive or inadequate expense or the accumulation of inadequate or excessive reserves.

(b) Depreciation chargeable against operations shall be calculated from the date on which a building, structure or unit of property is placed in or contributes to regular service and shall cease on the date such property is withdrawn from service by reason of sale, retirement, abandonment, or dismantling, or when the difference between the cost and residual value shall have been charged to expense.

(c) Property for which depreciation shall not be chargeable against operations shall include (1) land owned or held in perpetuity, and (2) expenditures on uncompleted units of property and equipment during the process of construction or manufacture.

(d) Rates of depreciation and undepreciable residual values applied to each class of depreciable property and equipment shall be calculated to distribute the estimated depreciable cost to operating expense accounts and other accounts over the estimated service life of the property and equipment in such manner as will prevent the charging of either excessive or inadequate expense or the accumulation of excessive or inadequate reserve (see § 241.2-14(a)) and fully recognize the extent to which all expenditures attaching to property and equipment are otherwise recoverable through income charges and disposal proceeds.

(e) Adjustments in rates of depreciation occasioned by changing conditions shall be applied in accordance with the general policies set forth in § 241.2-14.

(f) Each air carrier shall adopt procedures of accounting for airframe and aircraft engine overhauls as will effectively result in the allocation of total maintenance expense between accounting periods in accordance with the use of airframes and aircraft engines. When overhauls are scheduled in such a manner as will produce a relatively equitable allocation of maintenance costs between accounting periods, the cost of each overhaul may be expensed directly as performed. Under circumstances in which overhaul procedures are such that the direct expensing of overhaul costs will not result in an equitable allocation of total maintenance costs as between different accounting periods the air carrier shall apply, consistently with respect to all airframe and engine types for which direct expensing of overhaul costs

will not effectively produce an equitable allocation of cost, the accounting procedures set forth in paragraph (g) of this section. For the purposes of this system of accounts and reports, an airframe or aircraft engine "overhaul" shall be deemed to encompass the total of those inspections or replacements of major components performed in piecemeal phases, or in one operation, as are required to be performed at specified maximum periodic intervals by the Civil Air Regulations to recertify that airframes or aircraft engines are in a completely airworthy condition. Costs which attach to the routine replacement of minor parts and servicing or inspection of airframes and aircraft engines, performed on a recurrent but not scheduled basis, or on a scheduled basis without withdrawal from line service, to maintain airframes and aircraft engines in an operating condition, shall not be considered to be "overhauls" but shall be expensed directly as ordinary recurrent maintenance. Extraordinary costs of material amounts associated with the renewal of major structural parts of airframes and aircraft engines beyond the scope of normal periodic overhauls, or which are incurred at periodic intervals approximating the depreciable service life of the airframe and aircraft engine types to which related, shall not be considered to be overhauls. Such costs shall be accounted for as restoration of assets chargeable to the related property account. The cost of components removed, together with related depreciation reserves, shall be treated as retired property and accounted for accordingly. In the event identification of the cost of the components removed is not feasible, the costs entailed in substituting components may be charged against the related depreciation reserves.

(g) The accounting procedures below shall be observed as a consistent practice with respect to all airframe or aircraft engine types for which the direct expensing of overhaul costs will not effectively produce an equitable allocation of costs between accounting periods in accordance with the use of airframes or aircraft engines:

(1) With respect to "owned" airframes or aircraft engines, profit and loss account 72 Flight Equipment Airworthiness Provisions shall be charged each quarterly accounting period and balance sheet account 1629 Flight Equipment Airworthiness Reserves shall be concurrently credited with recurrent provisions for direct costs and maintenance burden associated with overhauls, pursuant to subparagraph (6) of this paragraph. Separate subaccounts shall be established for recording reserves accumulated with respect to airframes and aircraft engines, respectively. That portion of the recurrent charges representing provisions for labor, materials and outside overhaul costs shall be entered in profit and loss account 5272. That portion representing provisions for maintenance burden shall be entered in profit and loss account 5372.

(2) When overhauls are performed, the related cost of labor, materials, outside overhauls, and maintenance burden

shall be charged against the applicable flight equipment airworthiness reserve. Profit and loss account 5272 Flight Equipment Airworthiness Provisions shall be concurrently credited with the applicable costs of labor, materials and outside overhauls. Profit and loss account 5372 Flight Equipment Airworthiness Provisions shall be concurrently credited with the cost of applicable maintenance burden. The cost of each overhaul shall also be charged to the applicable direct maintenance and maintenance burden objective accounts as incurred and appropriate asset or liability accounts shall be concurrently credited.

(3) When improvements or betterments of either owned or leased airframes or aircraft engines are effected in conjunction with overhauls of such property, the costs related to such improvements or betterments shall be charged to the appropriate asset accounts.

(4) Provisions for overhauls of "leased" airframe and aircraft engines shall be charged to the applicable airworthiness provision expense account. To the extent the air carrier is obligated to return the property to the lessor in an overhauled condition, an appropriate subaccount of balance sheet account 2190 Other Current Liabilities or an appropriate subaccount of balance sheet account 2290 Other Noncurrent Liabilities shall be credited. Upon the performance of overhauls, the applicable costs incurred in liquidating any liability for overhaul of leased property shall be charged to the appropriate liability account. Upon settlement with the lessor, any remaining liability shall be transferred along with associated improvements and related depreciation reserves to profit and loss account 81 Capital Gains and Losses. Except as provided in this paragraph, the accounting to be observed with respect to "leased" airframes and aircraft engines shall conform with those prescribed with respect to "owned" airframes and aircraft engines.

(5) Upon retirement of owned airframes or aircraft engines the applicable flight equipment airworthiness reserves shall be transferred, along with the cost and related depreciation reserves of the property retired, to profit and loss account 81 Capital Gains and Losses.

(6) Provisions for overhauls of airframes or aircraft engines may be made upon either a unit basis or a group basis. In either case, the accrual rates shall be based upon representative experienced overhaul costs per hour flown between overhauls for each airframe or aircraft engine type. The rates for new types of airframes or aircraft engines may be based upon parallel experience or upon such engineering or other information as may be available. Rates for direct costs and related maintenance burden provisions, respectively, shall be recalculated at the close of each fiscal year, at least, and the applicable reserve or liability adjusted accordingly, on the basis of hours flown since last overhaul, by charges or credits to the applicable airworthiness provisions ex-

pense account. When reserves or liabilities for overhaul are first established the provisions for hours expired from the beginning of the overhaul cycle as of the close of the next previous fiscal year, computed on the same basis as for the current fiscal year, shall be charged to the applicable airworthiness provisions expense account. When material amounts are involved, profit and loss account 96 Special Income Credits and Debits (net) shall be charged.

(7) Any material differences in income tax costs resulting from overhaul provisions made for accounting purposes but not for tax purposes shall be credited to profit and loss account 92.1 Current Provisions for Deferred Taxes. Balance sheet account 2340 Deferred Federal Income Taxes shall be debited, except that any debit balance in that account shall be transferred to a special subaccount of balance sheet account 1890 Other Deferred Charges. The accumulated charges to balance sheet accounts 1890 Other Deferred Charges or 2340 Deferred Federal Income Taxes shall be amortized by charges to profit and loss account 92.2 Amortization of Taxes Deferred (Credit) in accordance with the provisions of that account. The accumulated unamortized balances of such accruals shall be identified by footnote to each quarterly Form 41 Balance Sheet.

(8) Each air carrier shall submit a statement by July 1, 1960 fully describing its plans of accounting for airframes and aircraft engine overhauls and thereafter as a supplement to the CAB Form 41 for the period in which such accounting is first established or revised. Revisions in the plans submitted shall not be implemented without prior approval by the Board. The required statement shall indicate for each airframe and aircraft engine type whether the costs of overhauls related thereto are as a matter of consistent practice expensed directly or accounted for on an accrual basis. If expensed directly, the statement shall include a factual demonstration that such accounting practice results in an equitable apportionment of costs between different accounting periods in accordance with the use of airframes or aircraft engines and does not produce periodic peaks in maintenance costs in one accounting year which are properly applicable to operations performed in other accounting years. If accounted for on an accrual basis the statement shall indicate separately the rates at which the direct cost and maintenance burden provisions are being accumulated; whether provisions are effected on a unit basis or a group basis; the hours over which reserves or liabilities are being accumulated; and whether differences in income tax expenses associated with differences in financial accounting and tax practices for overhaul are deferred as a consistent practice. The statement shall also provide a factual demonstration of the overhaul cost and hours realized between overhauls over previous representative periods or other factors upon which the rates are based.

16. By amending the second sentence of § 241.6-1310(a) to read as follows: "The cost of rotatable parts and assemblies

of material value which ordinarily are repaired and reused and possess a service life approximating that of the primary property types to which related shall not be recorded in this account but in balance sheet account 1608 Flight Equipment Rotable Parts and Assemblies."

17. By inserting the following after the second sentence of § 241.6-1310(c): "Recoveries of normally repairable and reusable parts of a type for which losses in value may be covered on a practical basis through valuation reserve provisions shall be included in this account on an original cost basis."

18. By deleting the first sentence of § 241.6-1310(d) and changing the parenthetical note thereto to read "(See balance sheet account 1311 Obsolescence and Deterioration Reserves—Expendable Parts.)"

19. By amending § 241.6-1311 *Reserve for Obsolescence—Expendable Parts* to read as follows: "1311 *Obsolescence and Deterioration Reserves—Expendable Parts.*"

20. By amending § 241.6-1311 (a) and (b) to read as follows:

(a) Accruals shall be made to this account when reserves are established for losses in the value of expendable parts. The accruals to this account shall be made by charges to profit and loss account 73 Provisions for Obsolescence and Deterioration—Expendable Parts. The reserve applicable to each class or type of expendable parts shall be recorded in separate subaccounts of this account.

(b) The accruals to this account shall be based upon a predetermination by the air carrier of that portion of the total inventory of each class and type of expendable parts against which a reserve for loss is to be accrued. Expendable parts issued for use in operations shall be charged to operating expenses as issued and shall not be charged to this account. At the close of each calendar quarter, at least, amounts equivalent to any excess of the predetermined portion of the inventory against which a reserve is being accrued and the actual inventory for each class or type of expendable parts, shall be charged to this account and credited to profit and loss account 73 Provisions for Obsolescence and Deterioration—Expendable Parts.

21. By deleting the first sentence, and the word "obsolescence" in the second sentence, of § 241.6-1311(c).

22. By amending § 241.6-1311(d) to read as follows:

(d) A statement shall be filed with the Civil Aeronautics Board prior to the establishment or revision of reserves for obsolescence and deterioration of expendable parts. This statement shall indicate for each class or type of parts the predetermined level of the inventory against which a reserve is being accrued and shall fully explain the bases of the estimated losses and the rate of reserve accrual. No obsolescence and deterioration reserves shall be established, or revised without notice to the Civil Aeronautics Board.

23. By amending the first sentence of § 241.6-1330(e) to read as follows: "(e) A reserve for inventory adjustment applicable to materials and supplies is prohibited."

24. By deleting the second sentence of § 241.6-1607.

25. By amending the second sentence of § 241.6-1608(a) to read as follows: "This account shall include all parts and assemblies of material value which are rotatable in nature, are generally reserviced or repaired, are used repeatedly and possess a service life approximating that of the property type to which they relate."

26. By deleting the words "and depreciated" from the fourth sentence of § 241.6-1608(a).

27. By changing the account number and amending § 241.6-1629 to read as follows:

1619 *Reserve for Depreciation—Flight Equipment.*

(a) Record in accounts 1611 through 1618, inclusive, accruals for depreciation of flight equipment as provided in § 241.5-4.

(b) As set forth in § 241.3, Chart of Balance Sheet Accounts, separate accounts shall be established for depreciation reserves to parallel balance sheet accounts 1601 through 1608 established for recording the cost of flight equipment.

28. By inserting a new § 241.6-1629 to read as follows:

1629 *Flight Equipment Airworthiness Reserves.*

(a) Record here accumulated provisions for overhauls of flight equipment as provided in § 241.5-4 (f) and (g).

(b) Separate subaccounts shall be established for recording accumulated provisions related to each type of airframe and aircraft engine, respectively.

29. By deleting the words "and maintenance" from § 241.6-1700.

30. By deleting § 241.6-2290(b) and by amending § 241.6-2290(a) to read as follows:

(a) Record here noncurrent liabilities not provided for in balance sheet accounts 2210 to 2260, inclusive, such as accruals for personnel dismissal liability, and accruals of other demonstrable miscellaneous noncurrent liabilities.

31. By amending § 241.7-72 in the column headed "Objective Classification of Profit and Loss Elements" and "Functional or Financial Activity to Which Applicable (00)" to read as follows:

72 Flight equipment airworthiness provisions.

72.1 Airworthiness reserve provisions—airframes—52, 53, 52, 53, 52, 53.

72.2 Airworthiness reserve charges—airframes (credit)—52, 53, 52, 53, 52, 53.

72.6 Airworthiness reserve provisions—aircraft engines—52, 53, 52, 53, 52, 53.

72.7 Airworthiness reserve charges—aircraft engines (credit)—52, 53, 52, 53, 52, 53.

32. By amending § 241.7-73 in the column headed "Objective Classification of Profit and Loss Elements" and "Functional or Financial Activity to Which Applicable (00)" to read as follows:

73 Provisions for obsolescence and deterioration—expendable parts.

73.1 Current provisions—70 70 70.

73.2 Inventory decline credits—70 70 70.

33. By inserting the following under § 241.10-5300 Maintenance Burden and under § 241.11-5300 Maintenance Burden:

(c) This subfunction shall include only those expenses attributable to the current air transport operations of the air carrier. Maintenance burden associated with capital projects of the air carrier, other than overhauls of airframes and aircraft engines, shall be allocated thereto in accordance with the provisions of § 241.2-9(b). Maintenance burden incurred in common with services to other companies and operating entities shall be allocated thereto on a pro rata basis unless such services are so infrequent in performance or small in volume as to result in no appreciable demands upon the air carrier's maintenance facilities. When overhauls of airframes or aircraft engines are as a consistent practice accounted for on an accrual basis instead of expensed directly, maintenance burden shall be allocated thereto on a pro rata basis. Standard burden rates may be employed for quarterly allocations of maintenance burden provided the rates are reviewed at the close of each fiscal year, at least. When the actual burden rate for the year differs materially from the standard burden rate applied, adjustment shall be made to reflect the actual costs incurred for the full accounting year. Allocations of maintenance burden to capital projects, and service sales to others shall be effected through the individual maintenance burden objective accounts, except that the air carrier may effect such allocations by credits to profit and loss account 77 Uncleared Expense Credits under circumstances in which the use of that account will not undermine the significance of the individual maintenance burden objective accounts in terms of the expense levels associated with the air carrier's air transport services. Maintenance burden allocated to overhauls shall be credited to profit and loss subaccounts 5372.2 or 5372.7 Airworthiness Reserve Charges. Each air carrier shall file with the Civil Aeronautics Board a statement, as a supplement to the Form 41 report, in which procedures followed in allocating maintenance burden between current transport services, overhauls, capital projects and outside services are fully explained. Revisions in such allocations shall not be made effective without written notice to the Civil Aeronautics Board.

34. By amending § 241.13-72 to read as follows:

72 *Flight Equipment Airworthiness Provisions.*

(a) Record here provisions for effecting an equitable distribution of airframe and aircraft engine overhaul costs between different accounting periods and credits for overhaul costs currently incurred. (See § 241.5-4 (f) and (g) for applicable policy.)

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

72.1 *Airworthiness Reserve Provisions—Airframes.*

Record here current provisions for effecting an equitable distribution of airframe overhaul costs between different accounting periods.

72.2 Airworthiness Reserve Charges—Airframes (Credit).

Record here credits for airframe overhaul costs incurred in the current period which have been charged against related airworthiness reserves.

72.6 Airworthiness Reserve Provisions—Aircraft Engines.

Record here current provisions for effecting an equitable distribution of aircraft engine overhaul costs between different accounting periods.

72.7 Airworthiness Reserve Charges—Aircraft Engines (Credit).

Record here credits for aircraft engine overhaul costs incurred in the current period which have been charged against related airworthiness reserves.

35. By amending § 241.13-73 to read as follows:

73 Provisions for Obsolescence and Deterioration—Expendable Parts.

(a) Where reserves for loss in value of flight equipment expendable parts are established, provisions for accruals to such reserves shall be charged to this account and credited to balance sheet account 1311 Obsolescence and Deterioration Reserves—Expendable Parts in accordance with the provisions of that account.

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

73.1 Current Provisions

Record here provisions during the current period for losses in value of expendable parts.

73.2 Inventory Decline Credits

Record here credits applicable to the current period for any excess over actual inventory levels of that portion of the inventory of each class or type of parts predetermined to be subject to provisions for loss in value. (See § 241.6-1311).

36. By amending the list of report schedules under § 241.22(a) as follows:

(a) Delete references to "Reserve for Obsolescence—Expendable Parts—Account 1311" from schedule B-4.

(b) Delete schedule "B-9 Accrued Maintenance" and substitute therefor schedule "B-9 Inventory of Flight Equipment Spare Parts and Assemblies" to be filed semi-annually within 40 days.

(c) Insert a new schedule "B-45 Flight Equipment Airworthiness Reserves by Airframe and Aircraft Engine Types" to be filed annually within 90 days.

37. By inserting a new § 241.22(d) (12) and amending § 241.22(d) (5) and § 241.22(d) (9) to read as follows:

(5) Statement of plan, required by § 241.5-4(g) (8), for accounting for airframe and aircraft engine overhauls.

(9) Statement of plan, required by § 241.10-5300(c), § 241.11-5300(c) and § 241.24, schedule P-6, paragraph (f), for accounting for application of maintenance burden.

(12) Statement of plan, required by § 241.6-1311(d), for accrual of obsolescence and deterioration reserves for flight equipment expendable parts.

38. By amending § 241.23 and related reporting schedules as follows:

(a) By modifying schedule B-1, Balance Sheet, incorporated herein by reference to change the title of "Reserve for obsolescence—expendable parts ---- 1311" to Obsolescence and deterioration

reserves—expendable parts ---- 1311"; to delete the words "and maintenance" from the item "Reserves for depreciation and maintenance" under the caption "Nonoperating Property and Equipment" and to change the subdivisions of Operating Property and Equipment to read as follows:

Flight equipment-----	1609
Less: Reserves for depreciation----	1619
Flight equipment less depreciation reserves-----	1621
Less: Flight equipment airworthiness reserves-----	1629
Flight equipment—net-----	-----
Ground property and equipment-----	1649
Less: Reserves for depreciation----	1669
Land-----	1679
Construction work in progress-----	1689
Operating property and equipment—net-----	-----

(b) By deleting the words "Reserve for Obsolescence—Expendable Parts—Account 1311" from the title of schedule B-4, incorporated herein by reference, and by deleting the words "and each reserve for obsolescence of expendable parts" from the first sentence of paragraph (b) of instructions to that schedule.

(c) By substituting the word "airworthiness" for the word "maintenance" in the last sentence of paragraph (f) of instructions for the preparation of schedule B-5—Property and Equipment.

(d) By substituting the words "Reserve for Depreciation and Flight Equipment Airworthiness Reserves, respectively", for "Reserves for Depreciation and Maintenance" in paragraph (j) of instructions for the preparation of schedule B-7.

(e) By changing both columns 10 of schedule B-5—Property and Equipment and 13 of schedule B-7—Airframes and Aircraft Engines Acquired, incorporated herein by reference, to read: "Flight Equipment Airworthiness Reserves" and by changing column 9 of schedule B-5 to read "Depreciated Cost." Until such time as these schedules may be reprinted the carriers are requested to insert this change.

(f) By changing column (9) to read, "Depreciated Cost", column (10) to read, "Realization" and column (11) to read, "Flight Equipment Airworthiness Reserves" in schedule B-8 Property and Equipment Retired, incorporated herein by reference.

(g) By deleting schedule B-9 Accrued Maintenance in § 241.23 and establishing instructions for a new report schedule, incorporated herein by reference, to read as follows:

Schedule B-9—Inventory of Flight Equipment Spare Parts and Assemblies³

(a) This schedule shall be filed by all air carrier groups as at June 30 and December 31 of each calendar year.

(b) The indicated data shall be reported separately for each class of airframe parts, aircraft engine parts and other flight equipment parts, by types of airframes or aircraft engines to which applicable, or as "interchangeable" when applicable to more than

³Forms filed as part of the original document.

one aircraft or engine type and shall be reported separately for expendable parts and rotatable parts and assemblies. Expendable parts and rotatable parts shall be separately grouped, subtotaled in columns 2 through 8, and identified in column 1 by asset account number.

(c) Column 2, Inventory at End of Period shall reflect the book balance for each class of parts and assemblies reflected in column 1 as at the close of the six-month period for which report is being made and shall agree, in aggregate for expendable parts and rotatable parts separately, with the respective balances reflected for such asset classifications in the current schedule B-1, Balance Sheet.

(d) Column 3, Inventory Subject to Loss Provisions, shall reflect for each class of flight equipment expendable parts reflected in column 1 the predetermined level of inventory against which a reserve for loss in value is being accrued.

(e) Column 4, Balance Beginning of Period, shall reflect the balance of accumulated valuation reserve provisions existing for each classification reflected in column 1 as at the beginning of the six-month period for which report is being made and shall agree with the balances shown in column 7, Balance End of Period, on the next previous report.

(f) Column 5, Provisions During Period, shall reflect for each classification shown in column 1 the net provisions to valuation reserves against flight equipment parts and assemblies during the six-month period for which report is being made, net of adjustments for inventory declines. The amounts reported in this column for expendable parts shall agree with the amounts reported in account 73 for the same six-month period.

(g) Column 6, Retirements During Period, shall reflect for each classification shown in column 1 the portion of accumulated valuation reserve provisions for flight equipment parts and assemblies absorbed in abandonment or other retirements of parts and assemblies during the six-month period for which report is being made.

(h) Column 7, Balance End of Period, shall reflect the balance of accumulated valuation reserve provisions for each classification shown in column 1, existing as at the close of the six-month period for which report is being made and shall agree, in aggregate for expendable and rotatable parts, separately, with the respective current balances reflected for such asset classifications in schedule B-1, Balance Sheet.

(i) Column 8, Cost Less Valuation Reserves shall reflect the differences between columns 2 and 7.

(h) By changing Column 10 to read "Depreciated Cost", Column 11 to read "Estimated Residual Value", Column 12 to read "Estimated Depreciable Life (Months)" and Column 13 to read "Flight Equipment Airworthiness Reserves" in schedule B-43—Inventory of Airframe and Aircraft Engines, incorporated herein by reference, and by changing the reference to column 11 to column 10 in paragraph (f) of the instructions for preparation of schedule B-43.

(i) By inserting a new report schedule in § 241.23, incorporated herein by reference, with instructions to read as follows:

Schedule B-45—Flight Equipment Airworthiness Reserves by Airframe and Aircraft Engine Types³

(a) This schedule shall be filed for all air carrier groups.

(b) A single set of this schedule shall be filed for the overall corporate or other legal entity comprising the air carrier.

(c) The indicated data shall be reported separately for each different airframe type. Data pertaining to aircraft engines shall be reported on a group basis by both type of engine and type of aircraft to which related.

(d) Data reported in this schedule shall be grouped and subtitled as between data pertaining to airframes and data pertaining to aircraft engines.

(e) The amounts reported in each of columns (2), (3) and (4) shall in aggregate agree with the corresponding amounts reflected in schedule B-1 Balance Sheet as at December 31 of the current year.

39. By amending § 241.24 of the indicated report schedules, incorporated herein by reference, in the following respects:

a. By changing account 73 of schedule P-3 to read "73 Obsol. & det. prov.—exp. parts".

b. By substituting the following for accounts 72.1 and 72.2 of schedules P-5.1 and P-5.2:

72.1 Airworthiness reserve provisions—airframes.

72.2 Airworthiness reserve charges—airframes (credit).

72.6 Airworthiness reserve provisions—aircraft engines.

72.7 Airworthiness reserve charges—aircraft engines (credit).

c. By deleting account 73 from schedules P-5.1 and P-5.2 and inserting the following new section above the caption Depreciation—Flight Equipment:

OBSOL. & DETERIOR'N—EXP. PARTS

73.1 Current provisions.

73.2 Inventory decline credits

Net obsol. & deterior'n—expendable parts

d. By amending the instructions for "Schedules P-5.1 and P-5.2—Aircraft Operating Expenses" paragraph (g) to read as follows:

(g) Item 79.6 Applied Maintenance Burden shall reflect a memorandum allocation by each air carrier of the total expenses included in subfunction 5300 Maintenance Burden between maintenance of flight equipment, by aircraft types, and maintenance of ground property and equipment (exclusive of maintenance equipment and maintenance buildings) in accordance with item (f) of the instructions for schedule P-6. The amount reported for this item, in aggregate for all aircraft types, shall agree with the amount reported for the same item reflected on schedule P-6.

e. By redesignating paragraph (h) to (j) in the instructions for "Schedules P-5.1 and P-5.2 Aircraft Operating Expenses" and inserting new paragraphs (h) and (i) to read as follows:

(h) Item 73.1 "Current Provisions" (for obsolescence and deterioration of flight equipment expendable parts) shall reflect the gross provisions for losses in value of expendable parts during the current accounting period.

(i) Item 73.2 "Inventory Decline Credits" shall reflect credits applicable to the current period for any excess over actual inventory levels of the predetermined level of expendable parts subject to provisions for obsolescence and deterioration.

f. By inserting the following new accounts on schedule P-6 incorporated herein by reference:

72.1 Airworthiness reserve provisions—airframes.

72.2 Airworthiness reserve charges—airframes (credit).

72.6 Airworthiness reserve provisions—aircraft engines.

72.7 Airworthiness charges—aircraft engines (credit).

g. By deleting "Depreciation-maint. equip. & hangars (per sch. P-3)" from schedule P-6 incorporated herein by reference.

h. By deleting the first sentence and inserting the following therefor in paragraph (f), instructions for the preparation of "schedule P-6":

(f) Items 79.6 Applied Maintenance Burden—Flight Equipment and 79.8 Applied Maintenance Burden—General Ground Property, respectively, shall reflect a memorandum allocation by each air carrier of the total expenses included in subfunction 5300 Maintenance Burden between maintenance of flight equipment (by aircraft types) and maintenance of ground property and equipment (exclusive of maintenance equipment and maintenance buildings for which costs are included in subfunction 5300). Where airframe and aircraft engine overhauls are accounted for on the accrual basis to produce a matching of costs with the operation of aircraft, the allocation of maintenance burden shall give effect to charges and credits to profit and loss account 5272 Flight Equipment Airworthiness Provisions in order to effect an equitable allocation of such maintenance burden costs.

i. By amending paragraph (g) of the instructions for the preparation of schedule P-6 to read as follows:

(g) The sum of the totals of subfunctions 5200 Direct Maintenance and 5300 Maintenance Burden shall agree with the corresponding amount reported in function 5400 on schedule P-1 and the total of function 6900 General Services and Administration reported in this Schedule by Group I air carriers shall agree with the corresponding amount reported on schedule P-1.

(Sec. 204(a), 72 Stat. 743; 49 U.S.C. 1324. Interpret or apply sec. 407, 72 Stat. 766; 49 U.S.C. 1377)

NOTE: The reporting requirements contained herein have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

By the Civil Aeronautics Board.

[SEAL]

MABEL MCCART,
Acting Secretary.

[F.R. Doc. 60-2979; Filed, Mar. 31, 1960; 8:47 a.m.]

Chapter III—Federal Aviation Agency

SUBCHAPTER C—AIRCRAFT REGULATIONS

[Regulatory Docket No. 329; Amdt. 125]

PART 507—AIRWORTHINESS DIRECTIVES

Hiller UH-12D and UH-12E Helicopters

Two fatigue failures have occurred in the main rotor blade fork resulting in emergency landings. Complete failure of this part can result in loss of collective pitch control. Since safety is affected by this type of failure, it is necessary to

require daily inspection for cracked forks and replacement of any cracked forks found prior to further flight.

In the interests of safety the Administrator finds that notice and public procedure hereon are impracticable and that good cause exists for making this amendment effective upon publication in the FEDERAL REGISTER.

In consideration of the foregoing § 507.10(a), (14 CFR Part 507), is hereby amended by adding the following new airworthiness directive:

HILLER. Applies to all UH-12D and UH-12E helicopters.

Compliance required as indicated.

Due to two failures which have occurred in the main rotor blade fork P/N 52110-3 at the outboard tension-torsion bar retention bolt hole, the following inspections shall be conducted:

(1) Perform daily visual inspection of all P/N 52110-3 forks for cracks in the area of the outboard tension-torsion bar retention bolt hole. Washers and nuts need not be removed for this inspection.

(2) Perform dye penetrant inspection, or equivalent, of the bolt hole and adjacent milled surfaces within 10 hours time in service and every 25 hours time in service thereafter on all forks with 250 or more hours time in service. For this inspection remove the nut, washer, and pin.

Cracked forks must be replaced prior to further flight.

This amendment shall become effective on the date of its publication in the FEDERAL REGISTER.

(Sec. 313(a), 601, 603; 72 Stat. 752, 775, 776; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Washington, D.C., on March 29, 1960.

JAMES T. PYLE,
Acting Administrator.

[F.R. Doc. 60-3009; Filed, Mar. 31, 1960; 8:48 a.m.]

SUBCHAPTER E—AIR NAVIGATION REGULATIONS

[Reg. Docket No. 324; Amdt. 161]

PART 609—STANDARD INSTRUMENT APPROACH PROCEDURES Miscellaneous Alterations

The new and revised standard instrument approach procedures appearing hereinafter are adopted to become effective and/or canceled when indicated in order to promote safety. The revised procedures supersede the existing procedures of the same classification now in effect for the airports specified therein. For the convenience of the users, the revised procedures specify the complete procedure and indicate the changes to the existing procedures. Pursuant to authority delegated to me by the Administrator (24 F.R. 5662), I find that a situation exists requiring immediate action in the interest of safety, that notice and public procedure hereon are impracticable, and that good cause exists for making this amendment effective on less than thirty days' notice.

Part 609 (14 CFR Part 609) is amended as follows:

RULES AND REGULATIONS

1. The low or medium frequency range procedures prescribed in § 609.100(a) are amended to read in part:

LFR 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 the Federal Aviation Agency. 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	
Port Chester FM.....	LGA-LFR (Final).....	223-13.9	*1500	T-dn.....	300-1	300-1	200-1/2
				C-dn.....	500-1	600-1	600-1 1/2
				S-dn-22.....	500-1	500-1	500-1
				A-dn.....	800-2	800-2	800-2

Procedure turn N side NE crs, 043° Outbnd, 223° Inbnd, 1900' within 10 miles.
Minimum altitude over facility on final approach crs, *1500' (*1000' authorized after New Rochelle MHW).
Crs and distance, facility to airport, 223-2.8

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 2.8 miles after passing LaGuardia LFR, climb to 1500' on SW crs LaGuardia LFR or, when directed by ATC, (1) climb to a higher altitude, or (2) make a climbing left turn to 1500', return to New Rochelle MHW.

CAUTION: Standard clearance not provided over obstructions in final approach area, circling area of airport, and in missed approach area.

Major Change: Deletes obsolete portion of alternate missed approach procedure.

*Descent to landing minimums authorized only after passing LaGuardia LFR.

City, New York; State, N.Y.; Airport Name, LaGuardia; Elev., 20'; Fac. Class., SBRAZ; Ident., LGA; Procedure No. 1, Amdt. 7; Eff. Date, 23 Apr. 60; Sup. Amdt. No. 6; Dated, 27 Feb. 60

Rochester VOR.....	RST-LFR.....	Direct.....	2400	T-dn.....	300-1	300-1	200-1/2
Stewartville FM.....	RST-LFR (Final).....	Direct.....	1900	C-dn.....	500-1	600-1	600-1 1/2
RST-VOR.....	Stewartville Int*.....	Direct.....	2400	S-dn-35.....	500-1	500-1	500-1
Spring Valley Int**.....	Stewartville Int*.....	Direct.....	2400	A-dn.....	800-2	800-2	800-2
Stewartville Int*.....	RST-LFR (Final).....	Direct.....	1900				

Procedure turn E side of crs, 170° Outbnd, 350° Inbnd, 2400' within 10 miles.

Minimum altitude over facility on final approach crs, 1900'.

Crs and distance, facility to airport, 350-2.3.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 2.3 miles, climb to 2800' on N crs or, when directed by ATO, make immediate right climbing turn to 2800', proceed out E crs RST-LFR within 20 miles.

AIR CARRIER NOTE: Sliding scale not authorized.

CAUTION: 1783' MSL Tower 4 mi WNW of airport and 1635' MSL Tower 3 mi NNE of airport.

Major Change: RST-VOR relocated.

*Stewartville Int: Int RST-VOR R-100 and S crs RST-LFR.

**Spring Valley Int: Int RST-VOR R-065 and S crs RST-LFR.

City, Rochester; State, Minn.; Airport Name, Lobb Field; Elev., 1041'; Fac. Class., SBMRLZ; Ident., RST; Procedure No. 1, Amdt. 10; Eff. Date, 23 Apr. 60; Sup. Amdt. No. 9; Dated, 27 Aug. 55

2. 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 the Federal Aviation Agency. 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	
AMA VOR.....	TDW RBn.....	Direct.....	5000	T-dn.....	300-1	300-1	200-1/2
AMA LFR.....	TDW RBn.....	Direct.....	5000	C-dn.....	600-1	600-1	600-1 1/2
Soney Int.....	TDW RBn.....	Direct.....	5000	S-dn-3.....	600-1	600-1	600-1
Bivins Int.....	TDW RBn.....	Direct.....	5300	A-dn.....	800-2	800-2	800-2
Claude Int.....	TDW RBn.....	Direct.....	5000				
Palo Duro Int.....	TDW RBn.....	Direct.....	5000				
Tower Int.....	TDW RBn.....	Direct.....	5300				
Sam Int.....	TDW RBn.....	Direct.....	5300				
Westside Int.....	TDW RBn.....	Direct.....	5000				

Procedure turn S side of crs 214° Outbnd, 034° Inbnd, 5000' within 10 mi. Beyond 10 mi NA.

Minimum altitude over facility on final approach crs, 4600'.

Crs and distance, facility to airport, 034°-5.0 mi.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.0 mi after passing TDW RBn, climb to 4900' on crs 034° within 20 miles.

Major Changes: Deletes transition from Panhandle Int. Deletes all reference to terminal fix.

CAUTION: Towers 3994 MSL 5 mi SW; 3886 MSL 4 mi SW; 3855 MSL 5 mi SSW of airport.

City, Amarillo; State, Tex.; Airport Name, AFB/Municipal; Elev., 3604'; Fac. Class., MHW; Ident., TDW; Procedure No. 1, Amdt. 2; Eff. Date, 23 Apr. 60; Sup. Amdt. No. 1; Dated, 12 Sept. 59

PROCEDURE CANCELLED, EFFECTIVE UPON PUBLICATION IN THE FEDERAL REGISTER. AIRPORT CLOSED.

City, Ardmore; State, Okla.; Airport Name, Municipal; Elev., 875'; Fac. Class., BMH; Ident., ADM; Procedure No. 1, Amdt. Orig.; Eff. Date, 20 Apr. 57

ADF STANDARD INSTRUMENT APPROACH PROCEDURE—Continued

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	
SJU VOR.....	SJP RBn.....	Direct.....	1500	T-dn.....	300-1	300-1	200-1½
SJU HH.....	SJP RBn.....	Direct.....	1500	C-dn.....	600-1	600-1	600-1½
Coral Int.....	SJP RBn.....	Direct.....	1500	A-dn.....	800-2	800-2	800-2
Mangrove Int.....	SJP RBn.....	Direct.....	2000				

Procedure turn *N side of crs, 288° Outbnd, 108° Inbnd, 1500' within 10 mi.
 Minimum altitude over facility on final approach crs, 1000'.
 Crs and distance, facility to airport, 074-4.6.
 If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 4.6 mi after passing SJP RBn, climb to 1000' on crs of 074° within 20 mi.
 Major Change: Deletes Caution Note.
 *Nonstandard due to high terrain on S side of crs.

City, San Juan; State, Puerto Rico; Airport Name, Puerto Rico International; Elev., 9'; Fac. Class., MHW; Ident., SJP; Procedure No. 1, Amdt. 3; Eff. Date, 23 Apr. 60; Sup. Amdt. No. 2; Dated, 30 May 59

3. The very high frequency omnirange (VOR) 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 the Federal Aviation Agency. 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	

PROCEDURE CANCELED, EFFECTIVE UPON PUBLICATION IN THE FEDERAL REGISTER. AIRPORT CLOSED.

City, Ardmore; State, Okla.; Airport Name, Municipal; Elev., 875'; Fac. Class., BVOR; Ident., ADM; Procedure No. 1, Amdt. Orig.; Eff. Date, 20 Apr. 57

BGS LFR.....	BGS VOR.....	019-11.5.....	4000	T-dn.....	300-1	300-1	200-¼
				C-dn.....	500-1	500-1	500-1½
				A-dn.....	800-2	800-2	800-2

Procedure turn East side of crs, 324° Outbnd, 144° Inbnd, 3900' within 10 mi.
 Minimum altitude over facility on final approach crs, 3300'.
 Crs and distance, facility to airport, 144°-5.4 mi.
 If visual contact not established upon descent to authorized landing minimums or if landing not accomplished within 5.4 miles, climb to 4100' on BGS VOR R-144 within 20 miles.

AIR CARRIER NOTE: Procedure may be authorized for carriers having approval of their arrangement for use of the communications and weather service at this airport.

NOTES: Weather and communications service not available to general public at Howard County Airport. Prior ATC approval required in using this facility.

Pilots using this approach shall, as soon as practicable, advise Webb Approach Control when contact or executing a missed approach.

*Alternate usage authorized for air carriers only.

City, Big Spring; State, Tex.; Airport Name, Howard County; Elev., 2560'; Fac. Class., BVOR; Ident., BGS; Procedure No. 1, Amdt. 1; Eff. Date, 23 Apr. 60; Sup. Amdt. No. Orig.; Dated, 30 Jan. 60

PROCEDURE CANCELED UPON PUBLICATION IN THE FEDERAL REGISTER DUE TO RELOCATION OF THIS FACILITY.

City, Rochester; State, Minn.; Airport Name, Lobb Field; Elev., 1041'; Fac. Class., BVOR; Ident., RST; Procedure No. 1, Amdt. 4; Eff. Date, 27 Aug 55; Sup. Amdt. No. 3; Dated, 23 Nov. 53

4. The terminal very high frequency omnirange (TerVOR) procedures prescribed in § 609.200 are amended to read in part:

TERMINAL 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 the Federal Aviation Agency. 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	

PROCEDURE CANCELED, EFFECTIVE UPON PUBLICATION IN THE FEDERAL REGISTER.

City, Houston; State, Tex.; Airport Name, International; Elev., 50'; Fac. Class., BVOR; Ident., DME; Procedure No. Ter VOR-12, Amdt. 3; Eff. Date, 26 Oct. 57; Sup. Amdt. No. 2; Dated, 20 Apr. 56

PROCEDURE CANCELED, EFFECTIVE UPON PUBLICATION IN THE FEDERAL REGISTER.

City, Houston; State, Tex.; Airport Name, International; Elev., 50'; Fac. Class., BVOR; Ident., DME; Procedure No. TerVOR-17, Amdt. 3; Eff. Date, 26 Oct. 57; Sup. Amdt. No. 2; Dated, 20 Apr. 56

PROCEDURE CANCELED, EFFECTIVE UPON PUBLICATION IN THE FEDERAL REGISTER.

City, Houston; State, Tex.; Airport Name, International; Elev., 50'; Fac. Class., BVOR; Ident., DME; Procedure No. TerVOR-30, Amdt. 3; Eff. Date, 26 Oct. 57; Sup. Amdt. No. 2; Dated, 20 Apr. 56

PROCEDURE CANCELED, EFFECTIVE UPON PUBLICATION IN THE FEDERAL REGISTER.

City, Houston; State, Tex.; Airport Name, International; Elev., 50'; Fac. Class., BVOR; Ident., DME; Procedure No. TerVOR-35, Amdt. 3; Eff. Date, 26 Oct. 57; Sup. Amdt. No. 2; Dated, 20 Apr. 56

RULES AND REGULATIONS

5. 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 the Federal Aviation Agency. 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	
Nowata Int.....	OWS-RBn.....	Direct.....	2100	T-dn.....	300-1	300-1	*200-1½
Tulsa LFR.....	OWS-RBn.....	Direct.....	1900	C-dn.....	400-1	500-1	500-1½
Sperry Int.....	OWS-RBn.....	Direct.....	2100	S-dn-17L.....	400-1	400-1	400-1
College Int.....	OWS-RBn.....	Direct.....	2100	A-dn.....	800-2	800-2	800-2
Tulsa VOR.....	OWS-RBn.....	Direct.....	2000				
Adair Int.....	OWS-RBn.....	Direct.....	2000				
Int R-327 TUL and N ers ILS.....	OWS-RBn (Final).....	Direct.....	1900				

Procedure turn W side of crs, 354° Outbnd, 174° Inbnd, 2000' within 10 mi. NA beyond 10 mi.

No glide slope. Minimum altitude over OWS RBn on final approach crs, 1900'.

Bearing and distance, OWS RBn to Rny 17L, 174°—5.4 mi.

If visual contact not established upon descent to authorized landing minimums or if landing not accomplished, within 5.4 miles, climb to 2200' on S ers ILS within 20 miles, or, when directed by ATC, climb to 2200' on R-113 TUL VOR within 20 miles.

*300-1 required on Runways 3L, 21R, 17R and 35L.

City, Tulsa; State, Okla.; Airport Name, Municipal; Elev., 674'; Fac. Class., ILS; Ident., I-TUL; Procedure No. ILS-17, Amdt. 3; Eff. Date, 23 Apr. 60; Sup. Amdt. No. 2; Dated, 26 Mar. 60

These procedures shall become effective on the dates indicated on the procedures.

(Secs. 313(a), 307(c), 72 Stat. 752, 749; 49 U.S.C. 1354(a), 1348(c))

Issued in Washington, D.C., on March 25, 1960.

OSCAR BAKKE,
Director, Bureau of Flight Standards.

[F.R. Doc. 60-2898; Filed, Mar. 31, 1960; 8:48 a.m.]

Proposed Rule Making

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Parts 961, 1010]

[Docket Nos. AO-160-A22-RO1 and
AO-276-A2-RO1]

MILK IN PHILADELPHIA, PA., AND AND WILMINGTON, DEL., MARKET- ING AREAS

Notice of Recommended Decision and Opportunity To File Written Excep- tions to Proposed Amendments to Tentative Marketing Agreements and Orders

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), notice is hereby given of the filing with the Hearing Clerk of this recommended decision of the Deputy Administrator, Agricultural Marketing Service, United States Department of Agriculture, with respect to proposed amendments to the tentative marketing agreements, and orders regulating the handling of milk in the Philadelphia, Pennsylvania, and Wilmington, Delaware, marketing areas. Interested parties may file written exceptions to this decision with the Hearing Clerk, United States Department of Agriculture, Washington, D.C., not later than the close of business the 10th day after publication of this decision in the FEDERAL REGISTER. The exceptions should be filed in quadruplicate.

In conformity with the Department's announcement of October 2, 1959, consideration will be given to further amending the Class I pricing provisions and the resulting level of prices at a reopening of the hearing to consider amendments which may be justified by the relationships among all northeastern federally regulated markets.

Preliminary statement. The hearing on the record of which the proposed amendments, as hereinafter set forth, to the tentative marketing agreements and to the orders, were formulated, was conducted at Philadelphia, Pennsylvania, on October 22-23, 1959, pursuant to notice thereof which was issued October 2, 1959 (24 F.R. 8117), and reopened at Philadelphia, Pennsylvania, on November 23, 1959, pursuant to notice thereof which was issued November 5, 1959 (24 F.R. 9166).

The material issues on the record of the hearing relate to:

1. Revision of the Philadelphia and Wilmington Class I pricing provisions to update the base years of the various components of the formula index, to change the seasonality of such com-

ponents, and to relate the Class I price to Class I prices in other federally regulated marketing areas and to the value of milk for manufacturing uses. Also, to add a supply-demand adjuster provision to the Wilmington order.

2. Revision under the Wilmington order of the Class I, Class II and producer butterfat differentials and the basic butterfat test of milk to which the established minimum prices apply.

Findings and conclusions. The following findings and conclusions on the material issues are based upon the evidence introduced at the hearing including the reopened hearing and the record thereof:

Issue No. 1. The Philadelphia, Pennsylvania, and the Wilmington, Delaware, orders should be amended to (1) update the base period used in the components of the Class I formula index, (2) revise the seasonal adjustment of various components of the formula index, (3) revise the index of Class I sales, (4) change the Class I price schedule, (5) revise the supply-demand adjustment mechanism and include such a provision under the Wilmington order, and (6) add a provision relating the Class I price under the Philadelphia and Wilmington orders to the New York-New Jersey Class I-A price.

The Class I price under the Philadelphia and Wilmington orders is currently determined by an economic-type formula initially adopted under the Philadelphia order on April 1, 1951. The formula was incorporated in the Wilmington order when that order was issued on June 1, 1956. The Wilmington order, however, provides for a basic price 15 cents less than the Philadelphia Class I price and no supply-demand factor is applicable. Class I prices under each order are established on a quarterly basis and exclusive of movements in the formula index, the price is intended to change quarterly, dropping 40 cents on January 1 and April 1, and increasing 40 cents on July 1 and October 1.

Since the formula was initially adopted it has been modified to accommodate changes made in the reporting of various components of the formula index and other provisions of the order. Specifically, the Philadelphia order was amended on June 11, 1952 to include the U.S. wholesale commodity price index as revised to a 1947-1949 base period by the Bureau of Labor Statistics, United States Department of Labor. The Class I price schedule under the Philadelphia order was further amended effective on February 1, 1958, to reflect the change from pricing milk of 4.0 percent butterfat content to 3.7 percent butterfat content. Also, determinations have been necessary for both orders on several occasions resulting from a change in method of calculating the index of prices received by Pennsylvania farmers for farm products except dairy.

Proponents for revision of the Class I pricing provisions suggested that under the diverse economic conditions which have existed during the period from 1951 to 1959, the pricing formula has generally provided appropriate prices. They pointed out, however, that movements of the formula index in response to inappropriate seasonal adjustments in several of the formula components have disrupted the intended seasonality of pricing. They further suggested that during the past two years the Class I price resulting from the formula has been somewhat on the low side in relation to prices in surrounding markets. It was proposed that these alleged defects be corrected by revision of the seasonality in three of the component indexes, adjustment of the Class I sales index to include sales from fluid milk plants under the Wilmington order and revision of the brackets system by which the formula index is related to a specific price. It was further proposed that as an attendant change the base period be updated.

The seasonality of Midwestern condensery prices and Class I sales has changed since the adoption of the formula in 1951. There is no longer any significant seasonality reflected in the index of prices received by Pennsylvania farmers for farm products except dairy. The computed seasonal change for the period July 1956 to June 1959, indicates a variation of only 1.4 points, from 99.3 to 100.7 on a quarterly basis whereas under the present order the variation in seasonal adjustment provided is 8 points. In line with proponents recommendation, it is concluded that the seasonal adjustment of this index should be discontinued. It is further concluded that seasonal adjustment of the indexes of Midwestern condensery prices and Class I sales should be revised to reflect a current period, July 1956 to June 1959. These changes will contribute to assuring intended seasonal changes in the Class I price prior to the recommended "tie-in" and supply-demand provisions discussed in later sections of this decision.

The Class I sales index has been one of the dominant components in movements in the pricing formula. Notwithstanding the institution of regulation in Wilmington on June 1, 1956, extension of the Philadelphia marketing area in 1958, and more recently, consolidation by certain handlers of their Philadelphia and Wilmington operations, the Class I sales index reflects a direct comparison of the volume of specified current sales by Philadelphia handlers with the volume of such sales in a base period (1936-40) preceding these changes. Modification of this index is essential to maintain the validity of the pricing formula.

The Class I sales index should be revised to include total Class I sales by

regulated plants under the Philadelphia and Wilmington orders. Proponents, while recommending the inclusion of Wilmington sales, contended that only specified out-of-area sales should be included. They stated that out-of-area sales other than to New Jersey and Delaware and sales of handlers outside the marketing area with Class I sales in the marketing area of less than 5 percent of their total Class I sales tended to fluctuate and their inclusion would result in erratic movements in the index.

The data on Class I sales placed in the record indicate no greater fluctuation in these sales than in local sales. The use of a broader base should provide greater stability in the index. However, it is appropriate to exclude sales of plants which may become regulated for short periods because of accidental or inadvertent sales in the regulated markets and it is therefore recommended that sales of plants which have not been regulated under either of the two orders during the three months immediately prior to the month preceding the pricing quarter (the month in which the price for the quarter is announced) should not be included. This procedure should tend to minimize unwarranted fluctuation in the index and is compatible to that followed in the supply-demand adjuster.

For administrative convenience it is recommended that the wholesale price index announced for the preceding month be used rather than averaging the most recent four weeks as presently provided. This change is expected to have no significant effect on price. It does, however, assure use of an officially announced fixed figure rather than a preliminary figure and will assure use of an index similar to that used in the other Northeastern markets.

The proposed revisions to a 1957-58 base period can be achieved by using as base quantities the following: U.S. wholesale commodity price index, 1.18425; prices paid by Pennsylvania farmers for mixed dairy feed, \$3.896; index of prices received by Pennsylvania farmers for farm products except dairy, 210.3; prices paid by Midwestern condenseries, \$3.0673; and the average daily Class I sales of 3.23 million pounds under Orders Nos. 61 and 110.

Under the present orders, the formula index is based primarily on data reported for the one month immediately preceding the date of announcing Class I prices for the next quarter. Thus, the conditions reflecting one-month data determines the price for three months. Interested parties at the hearing recommended using data for the three months preceding the date of price announcements in order to eliminate the effect that the varying number of days in a month had on the average daily sales figure used to compute the Class I sales index. It is appropriate under the quarterly pricing system to reflect quarterly changes in the components of the index by including the data for three months. Therefore, it is concluded that data for the five components of the formula index for three months be used in determining such index.

One of the major reasons that proponents offered for changing the level of Class I prices was to correct the abnormal seasonal changes in Class I prices that occurred during 1958 and 1959. The Class I prices, both in 1958 and in 1959, decreased 20 cents rather than 40 cents from the first to the second quarter and increased 20 cents rather than 40 cents from the third to the fourth quarter. The intended seasonal changes between quarters are in 40-cent intervals. These recommended intervals can be achieved by revising the Class I price schedule to accommodate both the revised formula index and the proposed seasonal changes. With the recommended Class I price schedule the present level of Class I prices can be maintained.

Official notice is taken of the Class I prices and market statistics announced for the Philadelphia, Wilmington and New York-New Jersey markets for the months intervening since the hearing. Official notice is taken also of the preliminary monthly indexes of the U.S. wholesale commodity price index as reported by the Bureau of Labor Statistics, United States Department of Labor.

The weighted average percentage of producer receipts classified as Class I under Order No. 61, on an annual basis, has varied approximately 2 percent since 1951. The highest percentage was 76.6 percent in 1954 and the lowest 74.3 in 1959. For the years 1957, 1958 and 1959, the percentages have been 74.6, 74.5 and 74.3, respectively. The weighted average percentages of producer receipts classified as Class I under Order No. 110 on an annual basis were 83 percent in 1957, 90 percent in 1958, and 92 percent in 1959. The weighted average percentages for the combined markets were 74.9 percent in 1957, 76.4 percent in 1958, and 75.2 percent in 1959.

Monthly Class I prices for Order No. 61 for the years 1957, 1958 and 1959 averaged \$5.49, \$5.59 and \$5.59, respectively, for milk of 3.7 percent butterfat content. Class I prices under Order No. 110 are, of course, 15 cents lower than the Order No. 61 Class I price. The price increased 10 cents from 1957 to 1958 and remained the same in 1959. While the utilization of producer receipts as Class I milk has remained relatively constant in the past four years, the price has increased since 1956 (\$5.39) and is higher than in 1954-55 (\$5.49-\$5.44, respectively).

In the nearby markets of Upper Chesapeake Bay and Washington, D.C., which recently became regulated, Class I prices (for 3.7 milk, f.o.b. the market) have been established to yield an annual average price of approximately \$5.56. The New York-New Jersey Class I-A price for the years 1957, 1958 and 1959 averaged \$5.72, \$5.67 and \$5.72, respectively (for 3.7 milk in the 201-210 mile zone). Since the present formula became fully effective in 1952 the Philadelphia f.o.b. market Class I price on an annual basis has averaged approximately 13 cents over the New York-New Jersey Class I-A price (201-210 mile zone). This price difference ranged from 51 cents over the New York-New Jersey Class I-A price in 1952 to 23 cents

under that price in 1957. In the most recent two years the New York-New Jersey Class I-A price has exceeded the Order No. 61 price by an average of approximately 10 cents. This relationship has existed while in competitive areas, the 141-150 mile zone under the New York-New Jersey order and 51-60 mile zone (from February 1958 to date, 55.1-65 mile zone), during the same eight years, the New York-New Jersey Class I price averaged 20 cents higher than the Philadelphia price. During 1958-59 the difference in price was \$0.43 and \$0.47, respectively.

Under usual circumstances class prices as between Federal order markets are closely aligned, reflecting only differences in transportation cost and the local supply-demand situations. The individual-handler pooling arrangement in effect in the Philadelphia and Wilmington markets as contrasted to the marketwide pooling arrangement in effect in the surrounding Federal order markets substantially complicates the problem of price alignment as between markets. Individual-handler pools normally carry a higher proportion of Class I milk. Each handler is in a position to handle his own procurement program to result in a predetermined blend to his own producers. Under normal circumstances a handler's willingness to accept additional milk is therefore dependent on his own needs for milk and the relationship of his resulting blend to the market.

The Philadelphia and Wilmington blends of competing handlers in the markets are not isolated markets. Their milksheds are closely interrelated to the New York-New Jersey, Upper Chesapeake Bay and Washington Federal order markets. Consequently, blended returns which are in close relationship with those paid in competing areas by handlers in these surrounding markets will provide appropriate returns to assure an adequate supply of milk for the local market.

While comparison of Class I prices under the Philadelphia (f.o.b. market) and New York-New Jersey (201-210 mile zone) orders show that in the past two years the New York-New Jersey prices have been 8 to 13 cents over the Philadelphia price; nevertheless, blended returns have been closely aligned. Although, since 1956, producer receipts have increased slightly relative to Class I sales, as previously indicated the weighted average percentage of producer receipts classified as Class I under Order No. 61, on an annual basis has varied only about 2 percent since 1951. It must be concluded, therefore, that the Class I prices in effect have brought forth at least an adequate supply of milk for the market. Notwithstanding, it is recognized that any significant change in the Class I price level in the local market will be directly reflected in blended returns to producers and would tend to disrupt the relationship with returns paid to producers in surrounding markets. Under the existing supply-demand balance in the market lower prices might seriously deter the ability of the local market to maintain an adequate milk supply. On the other hand, higher prices cannot be

justified in light of existing supply-demand conditions.

The Philadelphia and Wilmington, and the New York-New Jersey orders use the same basic pricing concept of an economic-type formula for determining Class I prices. However, the manner in which the price is arrived at under these orders differs in several respects. The New York-New Jersey order provides that the base price shall be adjusted by the U.S. wholesale commodity price index, a supply-demand factor, and a seasonal factor, respectively. While the Philadelphia and Wilmington orders include the U.S. wholesale commodity price index as one of the indexes in the composite formula index used to determine the price, also included in the formula are indexes based on (a) prices paid by Pennsylvania farmers for mixed dairy feed, (b) prices received by Pennsylvania farmers for products other than dairy, (c) prices paid by Midwest condenseries, and (d) daily average Class I sales. This portion of the Philadelphia and Wilmington Class I price formulas, adjusted for the seasonal change, is generally comparable to that portion of the New York-New Jersey Class I-A price formula which results from the base price multiplied by the U.S. wholesale commodity price index.

Seasonal adjustments of the Class I prices are provided for under the three orders. In addition, supply-demand adjustment provisions are included in the New York-New Jersey and Philadelphia orders. This decision contains a recommendation to include supply-demand provisions under the Wilmington order.

Although the principle for these two adjustments is similar, there is considerable difference in their application under these orders. The seasonal adjustments under the Philadelphia and Wilmington orders, in general, provide for 40-cent seasonal movements in the Class I prices between the pricing quarters. The New York-New Jersey seasonal adjustment varies from month-to-month and, at the current level of prices, reduces the price in the flush production month by 69 cents and increases the price in the short production month by 51 cents. Thus, there is approximately a \$1.20 seasonal change under the New York-New Jersey order; whereas, under the Philadelphia order the maximum change is 80 cents. Similarly, the supply-demand adjustment under the New York-New Jersey order is considerably more sensitive and affects the price in virtually every month. The supply-demand adjustment under the Philadelphia order never has affected the price.

The Class I pricing provisions under the Philadelphia and Wilmington orders should be amended to include a provision relating the annual level of Class I prices for each quarter to the average of the preceding three months New York-New Jersey economic index price (the Class I-A price adjusted for the supply-demand and seasonal factors) adjusted to 3.7 percent milk by adding eight cents. This relating of Class I prices under the New York-New Jersey and Philadelphia orders appropriately can be achieved by limiting the Philadelphia price prior to seasonal and supply-demand adjustment,

to a range of plus or minus 11 cents in relation to the New York-New Jersey economic index price.

It is intended that the 15 cent differential between the Philadelphia and Wilmington Class I prices shall be continued. It is necessary therefore, that this 15 cent differential be reflected in the "tie-in" relationship to the New York-New Jersey economic index price. This can be achieved if the Wilmington price, prior to seasonal and supply-demand adjustment, is limited to a range of 4 to 26 cents under the New York-New Jersey economic index price.

Relating the prices in the above stated manner will permit the seasonal adjustment to operate in the fashion interested parties indicated was necessary for proper operation of the Class I pricing provision. The recommended "tie-in" provision will also permit the supply-demand adjustment factor to operate freely to increase or decrease the price in response to changed supply-demand conditions in the Philadelphia and Wilmington markets. On the other hand, seasonal and supply-demand factor adjustments under the New York-New Jersey order will not be reflected in the "tie-in" provision to either reduce or increase the Class I price under the two orders.

During the years 1958, 1959 and the first quarter of 1960, the New York-New Jersey economic index price did not exceed the Philadelphia Class I price computed as herein recommended, adjusted for seasonality, by more than 11 cents. During this period the New York-New Jersey economic index price exceeded the comparable Philadelphia price by amounts ranging from 5 to 11 cents (first calendar quarter 1958-second and fourth calendar quarter 1959, respectively). Hence, this amendment would not have changed the Philadelphia and Wilmington Class I prices during any quarter from the first quarter 1958 to the first quarter 1960. If the recommended provision for the New York-New Jersey order, relating the Class I-A price to Midwest condensery prices, had been effective, the Philadelphia and Wilmington Class I prices would not have been affected under the "tie-in" provision herein provided.

There was testimony that the supply-demand adjustment mechanism be deleted from the Class I pricing formula on the grounds that the several components of the pricing formula tend to reflect conditions of supply and demand and that the provision has not influenced the price since its adoption and, therefore, was not necessary. Nevertheless, retention of the provision is desirable and necessary to provide assurance that should supplies increase or decrease relative to Class I sales to the extent that the market is generally in short or in long supply, the Class I price will be adjusted to reflect such conditions. There is merit, however, for a revised supply-demand provision under the Philadelphia order and the inclusion of its application to the Wilmington order.

Under the present Philadelphia order this provision would adjust the Class I price upward or downward in any quarter when supplies during the 12-month

period ending with the second preceding month were less than 115 percent of Class I sales or more than 137 percent, respectively. It is herein proposed that Class I sales and producer receipts, respectively, of the Wilmington and Philadelphia orders be combined in measuring the changes in supply-sales relationship. The present standard percentages (115-137) are appropriate in view of the minor changes which would result from the addition of the sales and supplies of the Wilmington market. The interdependence of the Wilmington and Philadelphia markets has been pointed out in the previous recommendation to combine Class I sales for both markets in the computation of the Class I sales index. Class I sales would be determined on the same basis for both the Class I sales index and the supply-demand adjustment provisions.

Under the present Philadelphia order, receipts of plants which were not regulated during three consecutive months are not included in the computation of the receipts and sales percentages under the supply-demand provisions. This requirement has served to exclude plants which are not associated in a major way with the market, and should be extended to exclude sales and receipts of such plants under either of the orders for the preceding three months from the month of price announcement for the quarter.

The date for announcing Class I prices under both orders has been advanced from the 15th day of the month preceding the start of the calendar quarter to the 19th day to provide ample time for the market administrator to receive the data from other agencies which are necessary for computing the Class I price.

Issue No. 2. Revision should be made in Class I, Class II and producer butterfat differentials and in establishing prices for milk on the basis of 3.7 percent butterfat content under the Wilmington order to be identical to those contained in the Philadelphia order.

Since the institution of regulation for the Wilmington market, it has become increasingly interrelated with the Philadelphia market. The pricing of milk at different basic test and use of different butterfat differentials causes unintended differences in prices among handlers in the two markets. This relationship has been recognized in the past in that initially milk under both orders was priced at the same basic 4.0 percent test. Subsequently, on February 1, 1958, the Philadelphia order was amended to provide for pricing milk on the basis of 3.7 percent butterfat. It is concluded, therefore, that milk should be priced under the Wilmington order on the basis of 3.7 percent butterfat content to regain the former relationship that existed between the two markets. Moreover, the Class I, Class II and producer butterfat differentials should be the same under both orders. The Class I price schedule in the Wilmington order should be revised to maintain the price 15 cents below the Philadelphia Class I price.

Rulings on proposed findings and conclusions. Briefs and proposed findings

PROPOSED RULE MAKING

and conclusions were filed on behalf of certain interested parties in the market. These briefs, proposed findings and conclusions and the evidence in the record were considered in making the findings and conclusions set forth above. To the extent that the suggested findings and conclusions filed by interested parties are inconsistent with the findings and conclusions set forth herein, the requests to make such findings or reach such conclusions are denied for the reasons previously stated in this decision.

General findings. The findings and determinations hereinafter set forth are supplementary and in addition to the findings and determinations previously made in connection with the issuance of the aforesaid orders and of the previously issued amendments thereto; and all of 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) The tentative marketing agreements and the orders, as hereby proposed to be amended, 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 and demand for milk in the marketing areas, and the minimum prices specified in the proposed marketing agreements and the orders, as hereby proposed to be 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

(c) The tentative marketing agreements and the orders, as hereby proposed to be amended, 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.

Recommended marketing agreements and orders amending the orders. The following order amending the orders regulating the handling of milk in the Philadelphia, Pennsylvania, and Wilmington, Delaware, marketing areas is recommended as the detailed and appropriate means by which the foregoing conclusions may be carried out. The recommended marketing agreements are not included in this decision because the regulatory provisions thereof would be the same as those contained in the orders, as hereby proposed to be amended:

§ 961.22 [Amendment]

1. Delete "15th day" in § 961.22(j) (2) and substitute therefor "19th day".

§ 961.50 [Amendment]

2. Delete § 961.50(a) and substitute therefor the following:

(a) **Class I milk.** For each month in each calendar quarter the price per hundredweight of Class I milk shall be the price computed for such quarter pursuant to subparagraphs (1) through (5) of this paragraph.

(1) Compute the indexes set forth in subdivisions (i) through (v) of this subparagraph for the 2d, 3d and 4th months preceding the first month of the pricing quarter and divide the sum of these indexes by 15. The result shall be the formula index.

(i) Compute an index of wholesale commodity prices by dividing by 1.18425, the index of wholesale commodity prices as reported on a 1947-49 base by the Bureau of Labor Statistics, United States Department of Labor.

(ii) Compute an index of prices paid by Pennsylvania farmers per hundredweight for 20 percent protein mixed dairy feed, using a 1957-58 base period, by dividing by 0.03896 the monthly price for such feed published by the Pennsylvania Federal-State Crop Reporting Service.

(iii) Compute an index of prices received by Pennsylvania farmers for farm products except dairy, using a 1957-58 base period, by dividing by 2.103 the monthly index published by the Pennsylvania Federal-State Crop Reporting Service.

(iv) Compute an index of prices paid for milk by Midwestern condenseries, using a 1957-58 base period, by dividing by 0.030673 the monthly average prices paid by selected Midwestern condenseries as reported by the United States Department of Agriculture, and adjust the result for seasonal variation by dividing by the applicable figure indicated below for such month:

January	1.027	July	0.974
February	1.023	August	.986
March	1.011	September	.999
April	.981	October	1.015
May	.968	November	1.022
June	.968	December	1.026

(v) Compute an index of average daily pounds of Class I milk sales from producer milk plants under Order No. 61, and fluid milk plants under Order No. 110 (except plants which did not hold such status under either order for this and the preceding two months) for the month, using a 1957-58 base period, by dividing the average daily pounds of Class I milk for the month by 32,300 and adjust the result for seasonal variation by dividing by the applicable figure indicated below for the month:

January	1.014	July	0.975
February	1.020	August	.979
March	1.018	September	1.033
April	1.001	October	1.042
May	.991	November	1.018
June	.929	December	.980

(2) Subject to the conditions set forth in subparagraphs (3), (4), and (5) of this paragraph the Class I price shall be that price indicated by the pricing quarter opposite the bracket in which the formula index computed pursuant to subparagraph (1) falls.

CLASS I PRICE SCHEDULE
[Price per hundred weight]

Formula index		1st Quarter (Jan., Feb., Mar.)	2d Quarter (Apr., May, June)	3d Quarter (July, Aug., Sept.)	4th Quarter (Oct., Nov., Dec.)
At least—	Less than—				
64.9 ¹	72.7....	4.79	4.39	4.79	5.19
72.7.....	80.5....	4.99	4.59	4.99	5.39
80.5.....	88.3....	5.19	4.79	5.19	5.59
88.3.....	96.1....	5.39	4.99	5.39	5.79
96.1.....	103.9...	5.59	5.19	5.59	5.99
103.9.....	111.7....	5.79	5.39	5.79	6.19
111.7.....	119.5....	5.99	5.59	5.99	6.39
119.5.....	127.3....	6.19	5.79	6.19	6.59
127.3.....	135.1....	6.39	5.99	6.39	6.79
135.1.....	142.9 ¹ ..	6.59	6.19	6.59	6.99

¹ If the formula index is more than 142.8 or less than 64.9, this table shall be extended at the same rate as the increase or decrease in the preceding bracket.

(3) If the annual level of the price for any quarter (the price indicated for the first and third quarters for the bracket in which the formula index computed pursuant to subparagraph (1) falls) is greater than or less than, by more than 11 cents, the average Class I-A price for the three months in the immediately preceding quarter as announced by the market administrator of the New York-New Jersey Order No. 27 for 3.5 percent milk applicable at the 201-210 mile freight zone, divided by the product of the utilization adjustment percentage and the seasonal adjustment factor which entered into the computation thereof, plus \$0.08 and rounded to the nearest cent, the Class I price for such quarter shall be adjusted downward or upward, respectively, in 20-cent intervals to such price as will be within such 11-cent variance.

(4) For each month of any calendar quarter the Class I price shall be 40 cents more than the price prescribed in subparagraph (2) of this paragraph subject to any adjustment resulting from subparagraph (3) of this paragraph, if receipts of milk from producers at producer milk plants under Order No. 61 and fluid milk plants under Order No. 110 during the 12-month period ending with the second preceding month (excluding receipts and sales at plants which did not hold such status under either order during the 2d, 3d and 4th preceding months) are less than 115 percent of total Class I sales by such plants in the same period; except that the price adjustment pursuant to this subparagraph shall not exceed an amount which will result in a Class I price equal to the Class I price for the months of the same quarter of the preceding year plus 80 cents.

(5) For each month of any calendar quarter the Class I price shall be 40 cents less than the price prescribed in subparagraph (2) of this paragraph subject to any adjustment resulting from subparagraph (3) of this paragraph, if receipts of milk from producers at producer milk plants under Order No. 61 and fluid milk plants under Order No. 110, during the 12-month period ending with the second preceding month, excluding receipts and sales at plants which did not hold such status under either order during the 2d, 3d and 4th preceding months, are more than 137 per-

cent of total Class I sales by such plants under Orders No. 61 and No. 110 in the same period; except that the price adjustment pursuant to this subparagraph shall not exceed an amount which will result in a Class I price equal to the Class I price for the months of the same quarter of the preceding year minus 80 cents.

§ 1010.22 [Amendment]

3. Delete "15th day" in § 1010.22(j) (2) and substitute therefor "19th day".

§ 1010.50 [Amendment]

4. Delete § 1010.50(a) and substitute therefor the following:

(a) *Class I milk.* For each month in each calendar quarter the price per hundredweight of Class I milk shall be the price computed for such quarter pursuant to subparagraphs (1) through (5) of this paragraph.

(1) Compute the indexes set forth in subdivisions (i) through (v) of this subparagraph for the 2d, 3d and 4th months preceding the first month of the pricing quarter and divide the sum of these indexes by 15. The result shall be the formula index.

(i) Compute an index of wholesale commodity prices by dividing by 1.18425, the index of wholesale commodity prices as reported on a 1947-49 base by the Bureau of Labor Statistics, United States Department of Labor.

(ii) Compute an index of prices paid by Pennsylvania farmers per hundredweight for 20 percent protein mixed dairy feed, using a 1957-58 base period, by dividing by 0.03896 the monthly price for such feed published by the Pennsylvania Federal-State Crop Reporting Service.

(iii) Compute an index of prices received by Pennsylvania farmers for farm products except dairy, using a 1957-58 base period, by dividing by 2.103 the monthly index published by the Pennsylvania Federal-State Crop Reporting Service.

(iv) Compute an index of prices paid for milk by Midwestern condenseries, using a 1957-58 base period, by dividing by 0.030673 the monthly average prices paid by selected Midwestern condenseries as reported by the United States Department of Agriculture, and adjust the result for seasonal variation by dividing by the applicable figure indicated below for such month:

January	1.027	July	0.974
February	1.023	August	.986
March	1.011	September	.999
April	.981	October	1.015
May	.968	November	1.022
June	.968	December	1.026

(v) Compute an index of average daily pounds of Class I milk sales from producer milk plants under Order No. 61, and fluid milk plants under Order No. 110 (except plants which did not hold such status under either order for this and the preceding two months) for the month, using a 1957-58 base period, by dividing the average daily pounds of Class I milk for the month by 32,300 and adjust the result for seasonal variation

by dividing by the applicable figure indicated below for the month:

January	1.014	July	0.975
February	1.020	August	.979
March	1.018	September	1.033
April	1.001	October	1.042
May	.991	November	1.018
June	.929	December	.980

(2) Subject to the conditions set forth in subparagraphs (3), (4), and (5) of this paragraph the Class I price shall be that price indicated by the pricing quarter opposite the bracket in which the formula index computed pursuant to subparagraph (1) falls.

CLASS I PRICE SCHEDULE
[price per hundredweight]

Formula index		1st Quarter (Jan., Feb., Mar.)	2d Quarter (Apr., May, June)	3d Quarter (July, Aug., Sept.)	4th Quarter (Oct., Nov., Dec.)
At least—	Less than—				
64.9 ¹	72.7	4.64	4.24	4.64	5.04
72.7	80.5	4.84	4.44	4.84	5.24
80.5	88.3	5.04	4.64	5.04	5.44
88.3	96.1	5.24	4.84	5.24	5.64
96.1	103.9	5.44	5.04	5.44	5.84
103.9	111.7	5.64	5.24	5.64	6.04
111.7	119.5	5.84	5.44	5.84	6.24
119.5	127.3	6.04	5.64	6.04	6.44
127.3	135.1	6.24	5.84	6.24	6.64
135.1	142.9 ¹	6.44	6.04	6.44	6.84

¹ If the formula index is more than 142.8 or less than 64.9, this table shall be extended at the same rate as the increase or decrease in the preceding bracket.

(3) If the annual level of the price for any quarter (the price indicated for the first and third quarters for the bracket in which the formula index computed pursuant to subparagraph (1) falls) is less than 4 cents or more than 26 cents under the average Class I-A price for the three months in the immediately preceding quarter as announced by the market administrator of the New York-New Jersey Order No. 27 for 3.5 percent milk applicable at the 201-210 mile freight zone, divided by the product of the utilization adjustment percentage and the seasonal adjustment factor which entered into the computation thereof, plus \$.08 and rounded to the nearest cent, the Class I price for such quarter shall be adjusted downward or upward, respectively, in 20-cent intervals to such price as will be within such 4 cents to 26 cents variance.

(4) For each month of any calendar quarter the Class I price shall be 40 cents more than the price prescribed in subparagraph (2) of this paragraph subject to any adjustment resulting from subparagraph (3) of this paragraph, if receipts of milk from producers at producer milk plants under Order No. 61 and fluid milk plants under Order No. 110 during the 12-month period ending with the second preceding month (excluding receipts and sales at plants which did not hold such status under either order during the 2d, 3d and 4th preceding months) are less than 115 percent of total Class I sales by such plants in the same period; except that the price adjustment pursuant to this subparagraph shall not exceed an amount which will result in a Class I price equal to the Class

I price for the months of the same quarter of the preceding year plus 80 cents.

(5) For each month of any calendar quarter the Class I price shall be 40 cents less than the price prescribed in subparagraph (2) of this paragraph subject to any adjustment resulting from subparagraph (3) of this paragraph, if receipts of milk from producers at producer milk plants under Order No. 61 and fluid milk plants under Order No. 110 during the 12-month period ending with the second preceding month, excluding receipts and sales at plants which did not hold such status under either order during the 2d, 3rd and 4th preceding months, are more than 137 percent of total Class I sales by such plants under Orders No. 61 and No. 110 in the same period; except that the price adjustment pursuant to this subparagraph shall not exceed an amount which will result in a Class I price equal to the Class I price for the months of the same quarter of the preceding year minus 80 cents.

§ 1010.50 [Amendment]

5. Delete § 1010.50(b) (1) and substitute therefor the following:

(b) (1) *Butterfat.* Add all market quotations (using the midpoint of any weekly range as one quotation) of prices per 40-quart can of fresh sweet cream of bottling quality of 40 percent butterfat content, not including prices for cream carrying special municipal approvals, reported at Philadelphia for each week ending within the month by the United States Department of Agriculture, divide by the number of quotations, subtract \$2.00 and divide by 9.19: *Provided,* That such butterfat value shall not be less than 3.7 times 120 percent of the average of the daily wholesale selling price for Grade A (92-score) butter at New York as reported by the United States Department of Agriculture for the month for which payment is to be made, less 18.0 cents.

6. Delete § 1010.51 and substitute therefor the following:

§ 1010.51 Butterfat differential to handlers.

For milk containing more or less than 3.7 percent butterfat, the class prices for the month, calculated pursuant to § 1010.50, shall be increased or decreased, respectively for each one-tenth of 1.0 percent variation in butterfat content by the amount calculated pursuant to § 1010.50(b) (1) divided by 37 and rounded to the nearest one-tenth cent.

§§ 1010.50 and 1010.71 [Amendment]

7. Delete "4.0 percent" in §§ 1010.50 and 1010.71 (b) and (d), and substitute therefor "3.7 percent".

8. Delete § 1010.81 and substitute therefor the following:

§ 1010.81 Butterfat differential to producers.

The applicable uniform prices to be paid each producer pursuant to § 1010.80

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 121]

FOOD ADDITIVES

Notice of Filing of Petition

In re: Notice of filing of petition for issuance of regulation to permit the use of octadecylamine in steam systems.

Pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec.

shall be increased or decreased, for each one-tenth of 1.0 percent which the average butterfat content of his milk is above or below 3.7 percent, respectively, at a rate determined by dividing by 37 the butterfat value computed pursuant to § 1010.50(b) (1) and rounded to the nearest full cent.

Issued at Washington, D.C., this 29th day of March 1960.

ROY W. LENNARTSON,
Deputy Administrator.

[F.R. Doc. 60-2982; Filed, Mar. 31, 1960;
8:47 a.m.]

409(b) (5), 72 Stat. 1786; 21 U.S.C. 348 (b) (5)), the following notice is issued:

A petition has been filed by the Hagan Chemicals and Controls, Inc., P.O. Box 1346, Pittsburgh 30, Pennsylvania, proposing the issuance of a regulation to permit the use of octadecylamine at levels of not more than 3.0 parts per million (0.0003 percent) in steam when used as a corrosion inhibitor in steam systems of food-processing plants.

Dated: March 25, 1960.

[SEAL] **JOHN L. HARVEY,**
*Deputy Commissioner of
Food and Drugs.*

[F.R. Doc. 60-2978; Filed, Mar. 31, 1960;
8:47 a.m.]

Notices

SECURITIES AND EXCHANGE COMMISSION

[File No. 2-6921]

ALLEN B. WRISLEY CO.

Notice of Application for Exemption

MARCH 28, 1960.

Notice is hereby given that Allen B. Wrisley Company, an Illinois corporation ("issuer"), has filed an application pursuant to Rule 15d-20 of the general rules and regulations under the Securities Exchange Act of 1934 ("Act") (17 CFR 240.15d-20) for an order exempting the issuer from the operation of section 15 (d) of the Act with respect to the duty to file any reports required by that section and the rules and regulations thereunder.

Rule 15d-20 permits the Commission, upon application and subject to appropriate terms and conditions, to exempt an issuer from the duty to file annual and other periodic reports if the Commission finds that all outstanding securities of the issuer are held of record, as therein defined, that the number of such record holders does not exceed fifty persons, and that the filing of such reports is not necessary in the public interest or for the protection of investors.

The application states with respect to the request for exemption from the reporting requirements of section 15(d) of the Act, as follows:

(1) All of the outstanding shares of issuer's common stock, \$1 par value, being its only authorized and outstanding securities, are held of record by 36 holders in addition to Purex Corporation, Ltd., which owns 99.549 percent of all the issuer's outstanding common stock.

(2) Purex Corporation, Ltd., files reports required to be filed under section 15(d) of the Securities Exchange Act of 1934, and financial statements of the issuer are consolidated with those of Purex Corporation, Ltd.

(3) The issuer is prepared to file an undertaking with the Securities and Exchange Commission that it will disclose to stockholders requesting same, all information concerning its condition and operations which would have been disclosed in an annual or current report otherwise required to be filed.

(4) The filing by the issuer of the reports required by section 15(d) of the Act and the rules and regulations thereunder is not necessary in the public interest or for the protection of investors.

For a more detailed statement of the matters of fact and law asserted, all persons are referred to such application which is now on file in the offices of the Commission in Washington, D.C.

Notice is further given that an order granting the application upon such terms and conditions as the Commission may

deem necessary or appropriate may be issued by the Commission at any time on or after April 14, 1960, unless prior thereto a hearing is ordered by the Commission. Any interested persons may, not later than April 11, 1960, at 5:30 p.m. submit to the Commission in writing his view or any additional facts bearing upon the application or the desirability of a hearing thereon, or request the Commission in writing that a hearing be held thereon. Any such communication or request should be addressed to the Secretary, Securities and Exchange Commission, Washington 25, D.C., and should state briefly the nature of the interest of the person submitting such information or requesting a hearing, the reason for such request, and the issues of facts or law raised by the application which he desires to controvert.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F.R. Doc. 60-2967; Filed, Mar. 31, 1960;
8:46 a.m.]

[File No. 811-899]

CAPITAL SHARES, INC.

Notice of Filing of Application

MARCH 25, 1960.

Notice is hereby given that Capital Shares, Inc. ("Applicant"), a registered open-end diversified investment company chartered under the laws of the State of Maryland, has filed an application pursuant to section 17(b) of the Investment Company Act of 1940 ("Act") for an order of the Commission exempting from the provisions of section 17(a) of the Act certain proposed transactions hereinafter described.

Applicant's authorized capital consists of 10,000,000 shares designated as Capital Life Insurance Shares and Growth Stock Fund; these shares are currently sold at a price based on the net asset value per share, plus a selling commission as set forth in its current Prospectus. One Harold J. Ryan, a director and officer of the Applicant, owns all of the voting common stock of and is also a director and officer of Investors Counsel, Inc., the investment adviser of Applicant.

Applicant currently owns in its portfolio the following securities issued by investment advisers of investment companies: 1,600 shares of Hugh W. Long & Co., 3,000 shares of National Securities and Research, and 1,700 shares of Television Shares Management Co. It is represented that the aforesaid securities were purchased by Applicant inadvertently without cognizance of the provision of section 12(d)(3) of the Act, which prohibits a registered investment company, among other things, from purchasing any security issued by a person

who is an investment adviser of an investment company.

Applicant proposes to divest itself of ownership of these securities forthwith, and plans to sell such securities in the over-the-counter market to the extent that they may be disposed of at prices equal to or greater than their cost to itself. As of March 10, 1960, each such security was selling at a price lower than its cost to Applicant. Their total cost in the aggregate amounted to \$112,332.25, and their aggregate market value as of that date was \$11,857.25 less than cost.

It is proposed that Ryan purchase from Applicant at the cost thereof to Applicant all of the aforesaid securities or any portion thereof remaining in the portfolio of Applicant at the time of his purchase, subject to the provision that no sale will be made to Ryan of any security if at the time of sale such security may be sold in the over-the-counter market at a price equal to or greater than its cost to Applicant.

Section 17(a) of the Act, with certain exceptions, prohibits the purchase of any security from a registered investment company by an affiliated person of such company. Since Ryan is an affiliated person of Applicant, the proposed sale of the aforesaid securities to him would be prohibited under section 17(a) unless the Commission grants an exemption pursuant to section 17(b) of the Act.

In support of its application, Applicant states that it will thereby benefit by (i) divesting itself without loss of the aforesaid securities which it may not continue to hold under the provisions of the Act, and (ii) increasing the net asset value of its shares by an amount varying with the market value of such securities but which, on the basis of the March 10, 1960 values, would be nearly \$12,000.

Under section 17(b) of the Act, the Commission shall grant an exemption from the prohibitions of section 17(a) if it finds that the terms of the proposed transactions are reasonable and fair and will not involve overreaching on the part of any person concerned; and that the proposed transactions are consistent with the policy of the registered investment company concerned, and with the general purposes of the Act.

Notice is further given that any interested person may, not later than April 7, 1960 at 5:30 p.m., submit to the Commission in writing a request for a hearing on the matter accompanied by a statement as to the nature of his interest, the reason for such request and the issues of fact or law proposed to be controverted, or he may request that he be notified if the Commission should order a hearing thereon. Any such communication should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D.C. At any time after said date, as provided by Rule O-5 of the rules and regulations promulgated

under the Act, an order disposing of the application herein may be issued by the Commission upon the basis of the showing contained in said application, unless an order for hearing upon said application shall be issued upon request or upon the Commission's own motion.

By the Commission.

ORVAL L. DuBois,
Secretary.

[F.R. Doc. 60-2968; Filed, Mar. 31, 1960;
8:46 a.m.]

TARIFF COMMISSION

[7-88]

CRUDE HORSE RADISH

Notice of Investigation and Hearing

Investigation instituted. Upon application of the Vegetable Growers of St. Clair, Monroe, and Madison Counties of the State of Illinois, received March 21, 1960, the United States Tariff Commission, on the 28th day of March 1960, under the authority of section 7 of the Trade Agreements Extension Act of 1951, as amended, instituted an investigation to determine whether Crude Horseradish provided for in paragraph 774 of the Tariff Act of 1930, is, as a result in whole or in part of the customs treatment reflecting concessions granted thereon

under the General Agreement on Tariffs and Trade, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

Public hearing ordered. A public hearing in connection with the foregoing investigation will be held beginning at 10 a.m., e.d.s.t., on July 19, 1960, in the Hearing Room, Tariff Commission Building, Eighth and E Streets NW., Washington, D.C. Interested parties desiring to appear and to be heard at the hearing should notify the Secretary of the Commission, in writing, at least three days in advance of the date set for the hearing.

Inspection of application. The application filed in this case is available for public inspection at the office of the Secretary, United States Tariff Commission, Eighth and E Streets NW., Washington, D.C., and at the New York office of the Tariff Commission, located in Room 437 of the Custom House, where it may be read and copied by persons interested.

Issued: March 28, 1960.

By order of the Commission.

[SEAL] DONN N. BENT,
Secretary.

[F.R. Doc. 60-2969; Filed, Mar. 31, 1960;
8:46 a.m.]

FEDERAL POWER COMMISSION

[Docket Nos. RI60-208-RI60-217]

PAN AMERICAN PETROLEUM CORP. ET AL.

Order Permitting Filing, Providing for Hearings on and Suspension of Proposed Changes in Rates, and Allowing Increased Rate To Become Effective Subject to Refund¹

MARCH 25, 1960.

Pan American Petroleum Corporation, Docket Nos. RI60-208, -209; Pan American Petroleum Corporation (Operator), et al., Docket No. RI60-210; E. J. Hudson, et al., Docket No. RI60-211; Elliott Production Company, Docket No. RI60-212; Western Natural Gas Company, Docket No. RI60-213; The British-American Oil Producing Company, Docket No. RI60-214; Sinclair Oil & Gas Company, Docket No. RI60-215; Socony Mobil Oil Company, Inc., Docket No. RI60-216; The Shamrock Oil and Gas Corporation (Operator), Docket No. RI60-217.

The above-named respondents have tendered for filing proposed changes in presently effective rate schedules for the sale of natural gas subject to the jurisdiction of the Commission. The proposed changes are designated as follows:

Docket No.	Respondent	Rate schedule No.	Supplement No.	Purchaser and producing area	Notice of change dated—	Date tendered	Effective date unless suspended ¹	Date suspended until—	Cents per Mcf		Rate in effect subject to refund in Docket Nos.
									Rate in effect	Proposed increased rate ²	
RI60-208...	Pan American Petroleum Corp.	143	4	Northern Natural Gas Co. (Hugoton Field, Seward County, Kans.)	2-24-60	2-26-60	3-28-60	8-28-60	11.0	15.0	-----
			6	Northern Natural Gas Co. (Hugoton Field, Haskell County, Kans.)	2-24-60	2-26-60	3-28-60	8-28-60	11.0	15.0	-----
			4	Northern Natural Gas Co. (Hugoton Field, Seward County, Kans.)	2-24-60	2-26-60	3-28-60	8-28-60	11.0	15.0	-----
RI60-209...	do.....	38	6	Northern Natural Gas Co. (Hugoton Field, Haskell County, Kans.)	2-24-60	2-26-60	8-10-60	³ 1-10-61	11.0	15.0	-----
RI60-210...	Pan American Petroleum Corp. (Operator), et al.	47	13	do.....	2-24-60	2-26-60	3-28-60	8-28-60	11.0	15.0	-----
RI60-211...	E. J. Hudson, et al....	8	3	Tennessee Gas Transmission Co. (West Delta Farms Field, Lafourche Parish, La.)	2-16-60	2-29-60	3-31-60	8-31-60	18.5	19.5	-----
RI60-212...	Elliott Production Co.	1	2	El Paso Natural Gas Co. (Blinebry and Tubb Fields, Lea County, N. Mex.)	Undated	2-29-60	3-31-60	8-31-60	9.5	15.5	-----
RI60-213...	Western Natural Gas Co.	17	5	Cities Service Gas Co. (Hugoton Field, Grant and Stanton Counties, Kans.)	do.....	2-26-60	4-1-60	9-1-60	11.0	15.0	-----
RI60-214...	The British-American Oil Producing Co.	11	2	Lone Star Gas Co. (N.E. Elmore Field, Garvin County, Okla.)	2-23-60	2-26-60	3-28-60	8-28-60	11.0	16.8	G-14027
RI60-215...	Sinclair Oil & Gas Co..	17	5	Phillips Petroleum Co. (West Panhandle Field, Hutchinson County, Tex.)	2-24-60	2-26-60	4-1-60	9-1-60	⁴ 11.1056 ⁵ 10.6547	12.1152 11.6643	G-10293
RI60-215...	do.....	16	5	do.....	2-24-60	2-26-60	4-1-60	9-1-60	⁴ 11.0156 ⁵ 10.6547	12.1152 11.6643	G-10293
			5	do.....	2-24-60	2-26-60	4-1-60	9-1-60	⁴ 11.1056 ⁵ 10.6547	12.1152 11.6643	G-10293
RI60-216...	Socony Mobil Oil Co., Inc.	99	6	Tennessee Gas Transmission Co. (Bethany Field, Panola County, Tex.)	2-25-60	2-26-60	4-1-60	9-1-60	13.5	14.4248	-----
			2	Lone Star Gas Co. (Katie Field, Garvin County, Okla.)	2-25-60	2-26-60	3-28-60	8-28-60	11.0	16.8	-----
RI60-217...	The Shamrock Oil and Gas Corp. (Operator).	4	16	Panhandle Eastern Pipe Line Co. (Panhandle Field, Moore and Sherman Counties, Tex.)	2-23-60	2-26-60	⁶ 3-28-60	3-29-60	⁷ 7.3044 ⁷ 9.7401	7.8876 10.5165	(*) (?)

¹ The stated effective dates are those requested by respondents or the day after the required thirty days' notice, whichever is later.

² The stated rates of E. J. Hudson, et al. are at a pressure base of 15.025 psia. The other rates are at a pressure base of 14.65 psia.

³ Or until five months after the rate suspended in RI60-168 is made effective, if later.

⁴ Sweet gas.

⁵ Sour gas.

⁶ For original volumes, the present rate was accepted subject to possible refund by the Commission's letter dated 9-4-58.

⁷ For additional volumes, the present rate was accepted subject to possible refund by the Commission's letter dated 9-4-58.

⁸ Or until one day after the rates suspended in Docket No. G-19780 are made effective, if later.

In support of their proposed increased rates, Pan American Petroleum Corporation (Pan American) and Pan American Petroleum Corporation (Operator), et al. submit a price arbitration decision and cite the pricing provisions in their con-

tracts. They also state that the contracts were negotiated at arm's length; that gas is priced below competing fuels; and that producer rates should be judged according to prices appearing in currently negotiated contracts, which prices

are above the proposed rates. It does not appear that Pan American's FPC

¹ This order does not provide for the consolidation for hearing or disposition of the separately-docketed matters covered herein, nor should it be so construed.

Gas Rate Schedule No. 38 provides for price arbitration; rather it provides for a price equal to the price paid under another contract. That other price is presently under suspension in Docket No. RI60-168 until August 10, 1960, or until such further time as it is made effective in the manner prescribed by the Natural Gas Act. Pan American's proposed changes under its Rate Schedule No. 38 may be accepted for filing, but should be suspended for five months after the suspended rate in RI60-168 is made effective.

In support of its proposed periodic increased rate, E. J. Hudson, et al. (Hudson) states that the proposed rate is required to compensate for increased costs and to encourage the maximum production of gas. Hudson also states that the proposed increase is less than a favored-nation increase, the right to which Hudson has waived, and less than a re-determined increase, which Hudson might still file for.

In support of its proposed renegotiated increased rate, Elliott Production Company (Elliott) states that it agreed to give up the favored-nation clause in its contract in return for the proposed price; that such a move will benefit the public by helping stabilize producer prices; and that the price is in line with others in the area.

Western Natural Gas Company (Western Natural) states that its contract comprising its FPC Gas Rate Schedule No. 17 terminates as of April 1, 1960. Western Natural has applied under Docket No. G-18662 for permission to abandon the present service and under Docket No. G-18661 for a certificate to sell to another purchaser (at the price proposed herein).

In support of its proposed periodic increased rate, The British-American Oil Producing Company cites its contract, states it was negotiated at arm's length, and states that periodic pricing provisions are a common way of providing for lower initial prices.

In support of its proposed periodic increased rates, Socony Mobil Oil Company, Inc., states that its contract was negotiated at arm's length for the installment sale of gas, that gas should be priced on a commodity basis, and that costs have been steadily increasing.

In support of its proposed periodic increased rates, Sinclair Oil & Gas Company cites its contracts, states it negotiated at arm's length, and states that the proposed prices are in line with recently certificated prices in the area.

In support of its proposed increased rates, The Shamrock Oil and Gas Corporation (Operator) (Shamrock) refers to its cost of service studies submitted under Docket Nos. G-14077 and G-12307. Shamrock also cites its contract and states the Commission has accepted increases to higher rates in the area. Shamrock further states that the proposed rates are lower than the prices of competitive fuels and that its costs are rising more and more above its jurisdictional revenues. Shamrock's proposed rates are based on a contract provision entitling it to certain increases if Panhandle Eastern Pipe Line Company (Panhandle) receives increased

rates. Panhandle has filed for increased rates, which have been suspended under Docket No. G-19780 until March 26, 1960 or until such further time as they are made effective in the manner prescribed by the Natural Gas Act.

The proposed changes may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds:

(1) Good cause exists for waiving the 90-days-maximum notice limit of § 154.94(b) of the Commission's regulations under the Natural Gas Act and for permitting the filing of Supplement No. 6 to Pan American's FPC Gas Rate Schedule No. 38.

(2) It is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon hearings concerning the lawfulness of the several proposed changes and that the above-designated supplements be suspended and the use thereof deferred as hereinafter ordered.

(3) It is necessary and proper in carrying out the provisions of the Natural Gas Act that Supplement No. 16 to Shamrock's FPC Gas Rate Schedule No. 4 be allowed to take effect subject to refund upon the timely filing of an agreement and undertaking, as hereinafter ordered.

The Commission orders:

(A) The 90-days-maximum notice limit of § 154.94(b) of the Commission's regulations under the Act is waived and the filing of Supplement No. 6 to Pan American's FPC Gas Rate Schedule No. 38 is permitted.

(B) Pursuant to the authority of the Natural Gas Act, particularly sections 4 and 15 thereof, the Commission's rules of practice and procedure and the regulations under the Natural Gas Act (18 CFR Ch. I), public hearings shall be held upon dates to be fixed by notices from the Secretary concerning the lawfulness of the several proposed increased rates and charges contained in the above-designated supplements.

(C) Pending hearings and decisions thereon, each of the above-designated supplements is hereby suspended and the use thereof deferred until the date indicated in the above "Rate Suspended Until" column, and thereafter until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(D) Neither the supplements hereby suspended, nor the rate schedules sought to be altered thereby, shall be changed until these proceedings have been disposed of or until the periods of suspension have expired, unless otherwise ordered by the Commission.

(E) Supplement No. 16 to Shamrock's FPC Gas Rate Schedule No. 4 shall be effective as of March 29, 1960, or as of the day after the rates suspended under Docket No. G-19780 are made effective, whichever is later: *Provided*, That within 20 days from the date of this order, Shamrock shall execute and file under Docket No. RI60-217 with the Secretary of the Commission an agreement and undertaking to comply with the refunding and reporting procedure required by

the Natural Gas Act and § 154.102 of the regulations thereunder (prescribed by Order No. 215 and Order No. 215A). The agreement and undertaking shall be signed by a responsible officer of Shamrock, shall be attested, and shall be accompanied by proper authorization from the board of directors and by a certificate showing service of copies upon all purchasers under the rate schedule involved. Unless Shamrock is advised to the contrary within 15 days after the filing of such agreement and undertaking, it shall be deemed to have been accepted for filing.

(F) Notices of intervention or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.37(f)) on or before May 11, 1960.

By the Commission (Commissioner Kline dissenting).

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 60-2966; Filed, Mar. 31, 1960;
8:46 a.m.]

[Docket No. G-20107 etc.]

TRANSCONTINENTAL GAS PIPE LINE CORP. ET AL.

Notice of Applications and Date of Hearing

MARCH 29, 1960.

Transcontinental Gas Pipe Line Corporation, Docket Nos. G-20107, G-18511, CP60-13; Cities Service Production Co., et al., Docket No. G-16854; J. Ray McDermott & Co., Inc., et al., Docket Nos. G-17197, G-18053; Austral Oil Company, Inc., Docket No. G-17563; Trice Production Company, et al., Docket No. G-17635; Humble Oil and Refining Company, Docket No. G-17772; Hurley Oil & Gas Company, et al., Docket No. G-17775; Texaco Seaboard, Inc., Docket No. G-17779; Plymouth Oil Company, et al., Docket No. G-17931; Paul F. Barnhart, Docket No. G-17977; K & H Operating Company, Operator, Docket No. G-18058; George R. Brown, et al., Docket No. G-18131; Shell Oil Company, Docket Nos. G-18334, G-18402; Zapata Offshore Company, Operator, et al., Docket No. G-18369; Jupiter Oils, Inc., et al., Docket No. G-18397; Pan American Petroleum Corp., Docket No. G-18484; Hunt Oil Company, Docket No. G-18596; Roy M. Huffington, Inc., Operator, et al., Docket No. G-18680; Sutton Producing Company, Operator, et al., Docket No. G-18682; Superwell Development Corporation, Docket No. G-18939; Tennessee Gas Transmission Company, Docket No. CP60-6.

Take notice that Transcontinental Gas Pipe Line Corporation (Transco) filed on November 12, 1959, an application, as supplemented on January 6, 1960, in Docket No. G-20107, for authorization under section 7(c) of the Natural Gas Act, to expand its system capacity by

¹ K & H Operating Company is filing on behalf of Sword Company (successor to Frank Streeter, Trustee, and Roland Hauck, Trustee), and Lewis S. Rosenstall.

130,551 Mcf per day at 14.7 psia, of which 108,823 Mcf per day is to be allocated among 32 existing resale customers,² the remainder is to be reserved for possible new customers or interveners, subject to the jurisdiction of the Commission, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Transco states the proposed expansion is to be carried out by the construction and operation of a total of 279.78 miles of pipeline looping of which the major portion will be installation of 36-inch diameter partial third line loops on its main line, primarily in the southern half of its system. In addition a total of 32,040 horsepower will be installed in twelve existing stations located primarily on the northern half of its system. Transco states the proposed increase in capacity of 130,551 Mcf per day will result in a peak day pipeline capacity of 1,443,069 Mcf.³ Transco plans to utilize 106,106 Mcf per day of the proposed increase for its high load factor contract demand customers and 2,717 Mcf per day for its general service customers.

The cost of the entire project is estimated at \$51,687,000 including \$5,883,982 for overhead, interest during construction, contingencies and franchises and consents.

It is proposed to finance the project through the issuance of securities in the amount of \$99,300,000 part of which is also to be used to finance other facilities authorized by and pending before the Commission.

In Docket No. CP60-13 Transco is requesting authorization to construct and

²The customers to which the additional gas would be delivered are listed in Appendix A hereto.

³This does not include storage deliveries (136,452 Mcf per day, Oakford storage and 204,000 Mcf per day Ledy Storage and the transportation of 56,216 Mcf per day for Tennessee Gas Transmission Company).

operate facilities necessary for the purchase of gas from Tennessee Gas Transmission Company (TGT) in Block 77 of the Block 76 field, offshore Vermilion Parish, Louisiana. TGT has applied for a certificate of public convenience and necessity in Docket No. CP60-6 to make this sale to Transco.

Transco proposes to build approximately 1.2 miles of 8-inch and 10-inch lines and three measuring stations which will connect and measure gas from TGT's three existing wells in the Block 76 field. Total cost for this construction is estimated to be \$367,000.

In Docket No. G-18511 Transco proposes to construct and operate a meter station, appurtenant facilities and approximately 9.4 miles of 10-inch lateral pipeline extending from a point of connection with The Superior Oil Company's "B-1" platform located in the Block 76 field, in a southwesterly direction to the Zapata Offshore Company, Operator, et al. (Zapata), proposed platform in the Block 86 field, Vermilion Parish, Louisiana, for the purchase of gas from Zapata. Initial cost is estimated to be \$568,000. Zapata has applied for a certificate of public convenience and necessity in Docket No. G-18369 to make this sale to Transco.

Hearing was held on December 1, 1959 in Docket Nos. G-18369 and G-18511. These proceedings were recessed on December 1, 1959, and indefinitely continued by notice issued December 2, 1959.

Transco states for the expansion program in Docket No. G-20107, it is relying upon the additional purchases of gas listed below, not relied upon in Docket No. G-16603, Transco's last expansion, plus its other existing supplies and those pending in Docket Nos. G-18907, et al.

Take further notice that the applicants listed below propose to produce and sell to Transco natural gas for transportation for resale in interstate commerce.

These related matters should be heard on a consolidated record and disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on May 2, 1960, at 10:00 a.m., e.s.t., in a Hearing Room of the Federal Power Commission, 441 G Street NW., Washington, D.C., concerning the matters involved in and the issues presented by such applications.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D.C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before April 20, 1960.

By the Commission.

JOSEPH H. GUTRIDE,
Secretary.

APPENDIX A

Customer	Rate schedule	Mcf per day @14.73 psia
Brooklyn Union Gas Co., The	CD-3	5,000
Consolidated Edison Co. of New York, Inc.	CD-3	12,000
Delaware Power and Light Co.	CD-3	2,000
Eastern Shore Natural Gas Co.	CD-3	270
Elizabethtown Consolidated Gas Co.	CD-3	4,000
Long Island Lighting Co.	CD-3	10,000
Manufacturers Light and Heat Co.	CD-3	7,000
Public Service Electric and Gas Co.	CD-3	22,000
South Jersey Gas Co.	CD-3	4,000
United Gas Improvement Co., The	CD-3	15,000
Carolina Natural Gas Co.	CD-2	1,500
Danville, Virginia, City of	CD-2	1,000
Laurens, South Carolina, City of	CD-2	1,000
North Carolina Gas Service Co.	CD-2	2,250
Piedmont Natural Gas Co.	CD-2	10,187
Public Service Co. of North Carolina, Inc.	CD-2	7,000
Shelby, North Carolina, City of	CD-2	1,899
Mountain Inn, South Carolina, City of	G-2	250
Kings Mountain, North Carolina, City of	G-2	75
Lexington, North Carolina, City of	G-2	314
United Cities Gas Co. (South Carolina Gas Company Division)	G-2	100
Burford, Georgia, City of	G-1	250
Butler, Alabama, City of	G-1	100
Clanton, Alabama, City of	G-1	300
East Central Alabama Gas District	G-1	100
United Cities Gas Company (Georgia Gas Company Division)	G-1	200
Hartwell, Georgia, City of	G-1	600
Rockford, Alabama, City of	G-1	50
Sugar Hill, Georgia, City of	G-1	200
Thomaston, Alabama, City of	G-1	39
Wadley, Alabama, City of	G-1	30
Wedowee, Alabama, City of	G-1	100
		108,823

[F.R. Doc. 60-2975; Filed, Mar. 31, 1960; 8:46 a.m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service
MONROE COUNTY STOCKYARD
ET AL.

Depositing of Stockyards

It has been ascertained that the stockyards named herein, originally posted on

Docket No.	Name of applicant	Field and location	Initial price per Mcf including taxes
G-18854	Cities Service Production Co., et al.	Chegby Area, St. James and Lafourche Parishes, La.	Cents 23.55
G-17197	J. Ray McDermott and Co., Inc., et al.	Bancker Field, Vermillion Parish, La.	19.05
G-18053	do.	Vacherie Field, St. James Parish, La.	23.05
G-17563	Austral Oil Co., Inc.	Sorrento Field, Ascension Parish, La.	23.55
G-17635	Trice Production Co., et al.	Bancker Field, Vermillion Parish, La.	19.05
G-17772	Humble Oil and Refining Co.	Sorrento Field, Ascension Parish, La.	23.55
G-17775	Hurley Oil and Gas Co., et al.	Vacherie Field, St. James Parish, La.	23.05
G-17779	Texaco Seaboard, Inc.	Bancker Field, Vermillion Parish, La.	17.00
G-17931	Plymouth Oil Co., et al.	Cooke Field, La Salle County, Tex.	23.68255
G-17977	Paul F. Barnhart	Thibodeaux Field, Lafourche Parish, La.	23.55
G-18058	K & H Operating Co., Operator	Raceland Field, Lafourche Parish, La.	23.55
G-18131	George R. Brown, et al.	Sorrento Field, Ascension Parish, La.	23.55
G-18334	Shell Oil Co.	Mosquito Bay Field, Terrebonne Parish, La.	23.55
G-18402	do.	Humphrey and South Humphreys Fields, Terrebonne Parish, La.	23.55
G-18369	Zapata Offshore Co.	Block 86, Offshore Vermillion Parish, La.	21.40
G-18397	Jupiter Oils, Inc., et al.	Mula Pasture, McMullen County, Tex.	23.6622
G-18484	Pan American Petroleum Corp.	Stuart City, LaSalle County, Tex.	23.6622
G-18506	Hunt Oil Co.	Thibodeaux Field, Lafourche Parish, La.	23.55
G-18680	Roy M. Huffington	South Intra-Coastal City, Vermillion County, La.	22.8
G-18682	Sutton Producing Co., Operator, et al.	West Washburn Field, and Stuart City Area, La Salle County, Tex.	23.68225
G-18939	Super Well Development Corp.	Stuart City Gas, La Salle County, Tex.	23.68225
CP60-6	Tennessee Gas Transmission Co.	Offshore Vermillion Parish, La.	22.9

¹ At 15.025 psia.
² At 14.65 psia.

the respective dates specified below as being subject to the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 et seq.), no longer come within the definition of a stockyard under said act for the reason that they are no longer being conducted or operated as public markets. Accordingly, notice is given to the owners thereof and to the public that such livestock markets are no longer subject to the provisions of the act.

Name of Stockyard and Date of Posting

Monroe County Stockyard, Monroeville, Ala.: June 18, 1959.

Greater Little Rock Stock Yards, North Little Rock, Ark.: April 12, 1938.

Community Auction Barn, De Quincy, La.: March 16, 1959.

Notice or other public procedure has not preceded promulgation of the foregoing rule since it is found that the giving of such notice would prevent the due and timely administration of the Packers and Stockyards Act and would, therefore, be impracticable and contrary to the public interest. There is no legal warrant or justification for not depositing promptly a stockyard which is no longer within the definition of that term contained in said act.

The foregoing is in the nature of a rule granting an exemption or relieving a restriction and, therefore, may be made effective in less than 30 days after publication in the FEDERAL REGISTER. This notice shall become effective upon publication in the FEDERAL REGISTER.

(42 Stat. 159, as amended and supplemented; 7 U.S.C. 181 et seq.)

Done at Washington, D.C., this 28th day of March 1960.

DONALD L. BOWMAN,
Chief, Packers and Stockyards
Branch, Livestock Division,
Agricultural Marketing Service.

[F.R. Doc. 60-2983; Filed, Mar. 31, 1960;
8:47 a.m.]

CHIEF, PACKERS AND STOCKYARDS BRANCH

Delegation of Authority

Pursuant to authority (25 F.R. 2245) delegated to the Chief of the Packers and Stockyards Branch of the Livestock Division, the District Supervisors of the Packers and Stockyards Branch are hereby delegated authority to issue general or special orders pursuant to the provisions of section 6(b) of the Federal Trade Commission Act (15 U.S.C. 46(b)) requiring persons subject to the jurisdiction of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 181 et seq.) to file annual reports.

Done at Washington, D.C., this 28th day of March 1960.

DONALD L. BOWMAN,
Chief, Packers and Stockyards
Branch, Livestock Division.

[F.R. Doc. 60-2984; Filed, Mar. 31, 1960;
8:47 a.m.]

DEPARTMENT OF COMMERCE

Federal Maritime Board

[Docket No. 900]

MONODON PAPER CORP. ET AL.

Investigation and of Hearing

Classification of paper products by Monodon Paper Corp., Mohegan Pad and Paper Converters, Inc., and Inter-Americas Shipping Co.

On March 14, 1960, the Federal Maritime Board entered the following order:

It appearing from information before the Board that Monodon Paper Corporation, Mohegan Pad and Paper Converters, Inc. and Inter-Americas Shipping Company, have shipped or caused to be shipped, during 1958 and 1959, certain paper products including marble covered composition books, press board books, bond, duplicator mimeograph, writing, and offset paper; and

It further appearing that by reason of such acts Monodon Paper Corporation, Mohegan Pad and Paper Converters, Inc. and Inter-Americas Shipping Company 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 or means, obtained or attempted to obtain transportation by water from the United States to Puerto Rico, Cuba, and/or Venezuela, for paper products during 1958 and 1959, at less than the rate or charge otherwise applicable, in violation of section 16 of the Shipping Act, 1916, as amended (46 U.S.C. 815);

Now therefore, it is ordered, That:

1. An investigation be and it is hereby instituted, upon the Board's own motion, pursuant to section 22 of said Act, to determine whether Monodon Paper Corporation, Mohegan Pad and Paper Converters, Inc., and Inter-Americas Shipping Company have violated section 16 of said Act;

2. Monodon Paper Corporation, Mohegan Pad and Paper Converters, Inc., and Inter-Americas Shipping Company be and they are hereby made respondents in the proceeding; and

3. A copy of this Order be published in the FEDERAL REGISTER, that copies of this Order be served upon each of 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 the hearing herein ordered will be held before an Examiner of the Board's Hearing Examiners' Office at a date and place to be 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 promptly and file petitions for leave to intervene in accordance with Rule 5(n) (46 CFR 201.74) of said rules.

Dated: March 28, 1960.

By order of the Federal Maritime Board.

JAMES L. PIMPER,
Secretary.

[F.R. Doc. 60-2963; Filed, Mar. 31, 1960;
8:45 a.m.]

[Docket No. 901]

PACIFIC GUAM TRADE

General Increases in Rates; Investigation and of Hearing

On March 21, 1960, the Federal Maritime Board entered the following order:

It appearing that there has been filed with the Federal Maritime Board, a new tariff schedule, setting forth increased rates, charges, and new rules, regulations and practices affecting such rates and charges applicable on general commodities between U.S. Pacific ports on the one hand, and Guam, Marianas Islands, Midway Island and Wake Island on the other to become effective on March 22, 1960, designated as follows: Pacific Far East Line, Inc., Guam Freight Tariff No. 2, F.M.B.-F. No. 2, effective March 22, 1960.

It further appearing that upon consideration of the said schedule, there is reason to believe that it would, if permitted to become effective, result in rates and charges, rules and regulations or practices which would be unjust and unreasonable or otherwise unlawful in violation of the Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, as amended; and good cause appearing therefor;

It is ordered, That an investigation be, and it is hereby instituted into and concerning the lawfulness of the rates, charges, rules, regulations and practices contained in said schedule, with a view to making such findings and orders in the premises as the facts and circumstances shall warrant; and

It is further ordered, That the operation of said schedule be and it is hereby suspended in full, and that the use thereof be deferred to and including April 29, 1960, unless otherwise ordered by the Board; and

It is further ordered, That neither the schedule hereby suspended nor any sought to be altered thereby may be changed until this investigation and suspension proceeding has been disposed of or until the period of suspension has expired, unless otherwise authorized by the Board; and

It is further ordered, That there shall be filed immediately with the Board by the Pacific Far East Line, Inc., a consecutively numbered supplement to tariff No. F.M.B.-F. No. 2, which shall reproduce the portion of this Order wherein the suspended designated tariff is de-

scribed, and shall state that such tariff is suspended and that the rates, charges, rules, regulations and practices therein stated may not be used until the twenty-ninth day of April, 1960, unless otherwise authorized by the Board; and that neither the rates, charges, rules, regulations, and practices hereby deferred nor any sought to be altered thereby, may be changed during the period of suspension or any extension thereof, unless otherwise authorized by the Board; and

It is further ordered, That copies of this Order shall be filed with said tariff in the Regulation Office of the Federal Maritime Board; that copies hereof be forthwith served upon Pacific Far East Line, Inc., and said carrier be and is hereby made respondent in this proceeding; and

It is further ordered, That the investigation herein ordered be assigned for hearing before an examiner of the Board's Hearing Examiners' Office at a date and place to be determined and announced by the Chief Examiner; that the respondent and protestants be duly notified of the time and place of the hearing herein ordered; and that notice of such hearing be published in the FEDERAL REGISTER.

Pursuant to the above order, notice is hereby given that the hearing herein ordered will be held before an examiner of the Board's Hearing Examiners' Office at a date and place to be 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 promptly and file petitions for leave to intervene in accordance with Rule 5(n) (46 CFR 201.74) of said rules.

Dated: March 28, 1960.

By order of the Federal Maritime Board.

JAMES L. PIMPER,
Secretary.

[F.R. Doc. 60-2964; Filed, Mar. 31, 1960;
8:45 a.m.]

PACIFIC COAST EUROPEAN CONFERENCE AND ATLANTIC PASSENGER STEAMSHIP CONFERENCE

Agreements Filed for Approval

Notice is hereby given that the following described agreements have been filed with the Board for approval pursuant to section 15 of the Shipping Act, 1916 (39 Stat. 733, 46 U.S.C. 814):

(1) Agreement No. 5200-18, between the member lines of the Pacific Coast European Conference, modifies the basic agreement of that conference (No. 5200, as amended), which covers the trade from U.S. Pacific Coast ports to ports in the United Kingdom of Great Britain, Northern Ireland, Ireland, the Scandinavian Peninsula, Continental Europe,

including ports on and in the Baltic and Mediterranean Seas, as well as the seas bordering thereon, and French Morocco and to the Atlantic Islands of the Azores, Madeira, Canary and Cape Verdes, and by transshipment at the aforementioned ports to ports in West, South and East Africa. The purpose of the modification is to include the trade from the State of Alaska to the foreign destinations, named above, within the scope of the conference agreement.

(2) Agreement No. 7840-36, between the member lines of the Atlantic Passenger Steamship Conference, modifies the Annex to the basic agreement of that conference (No. 7840, as amended), which governs all Atlantic passenger traffic of such lines between European, Mediterranean and Black Sea countries, also Morocco, Madeira and the Azores Islands, on the one hand, and ports on the East Coast of North America, including United States, Canada and Newfoundland, and United States Gulf ports, on the other hand. The purpose of the modification is to provide that one-way tourist rates may be reduced 10 percent in all seasons for military personnel, including spouses and dependent children, moving under Government orders.

Interested parties may inspect these agreements and obtain copies thereof at the Regulation Office, Federal Maritime Board, Washington, D.C., and may submit, within 20 days after publication of this notice in the FEDERAL REGISTER, written statements with reference to either of the agreements and their position as to approval, disapproval, or modification, together with request for hearing should such hearing be desired.

Dated: March 28, 1960.

By order of the Federal Maritime Board.

JAMES L. PIMPER,
Secretary.

[F.R. Doc. 60-2965; Filed, Mar. 31, 1960;
8:45 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration ORGANIZATION AND FUNCTIONS

Delegation of Authority

The description of the organization, functions, and procedures, etc., of the Food and Drug Administration as published in the FEDERAL REGISTER of January 17, 1959 (24 F.R. 439), is amended by changing section III, B, 7. *Delegation regarding pesticides* to read as follows:

III. Delegations of authority. * * *

B. * * *

7. *Delegations regarding food additives, food standards, and pesticides*—a. *Food additives.* The Assistants to the Commissioner are authorized to publish notices of the filing of food additives petitions and notices of withdrawal of food additives petitions, pursuant to section 409(c)(1) of the Federal Food, Drug, and Cosmetic Act.

b. *Food standards.* The Assistants to the Commissioner are authorized to publish notices of the filing of food standards petitions pursuant to section 701(e) of the Federal Food, Drug, and Cosmetic Act.

c. *Pesticides.* The Director of the Bureau of Biological and Physical Sciences and the Assistants to the Commissioner are authorized to publish notices of the filing of pesticide petitions and notices of withdrawal of pesticide petitions, pursuant to section 408(d)(1) of the Federal Food, Drug, and Cosmetic Act.

Dated: March 18, 1960.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 60-2977; Filed, Mar. 31, 1960;
8:46 a.m.]

INTERSTATE COMMERCE COMMISSION

[Notice 288]

MOTOR CARRIER TRANSFER PROCEEDINGS

MARCH 29, 1960.

Synopses of orders entered pursuant to section 212(b) of the Interstate Commerce Act, and rules and regulations prescribed thereunder (49 CFR Part 179), appear below:

As provided in the Commission's special rules of practice any interested person may file a petition seeking reconsideration of the following numbered proceedings within 20 days from the date of publication of this notice. Pursuant to section 17(8) of the Interstate Commerce Act, the filing of such a petition will postpone the effective date of the order in that proceeding pending its disposition. The matters relied upon by petitioners must be specified in their petitions with particularity.

No. MC-FC 62778. By order of March 25, 1960, the Transfer Board approved the transfer to Joe Mackey and Richard Mackey, doing business as Joe Mackey and Son, Churdan, Iowa, of Certificate No. MC 42815, issued May 6, 1949, to M. H. Schilling, 708 West Harrison Street, Jefferson, Iowa, authorizing the transportation of: Livestock, between Jefferson, Iowa, and Omaha, Nebr., with service from intermediate and off-route points within 12 miles of Jefferson, restricted to pick-up only; feed, lumber, and agricultural machinery, between Jefferson, Iowa, and Omaha, Nebr., with service to intermediate and off-route points within 12 miles of Jefferson, restricted to delivery only; livestock, and live and dressed poultry, between Jefferson, Iowa, and Chicago, Ill., with service from intermediate and off-route points within 12 miles of Jefferson, restricted to pick-up only; and empty chicken coops, between Jefferson, Iowa, and Chicago, Ill., with service to intermediate and off-route points within 12 miles of Jefferson, restricted to delivery only.

No. MC-FC 62878. By order of March 25, 1960, the Transfer Board approved the transfer to Macon-Kirksville Truck

Line, Inc., Macon, Mo., of a portion of the operating rights in Certificate No. MC 9842, issued July 25, 1955, to Don W. S. Crutchfield, doing business as Crutchfield Transfer Co., Macon, Mo., authorizing the transportation of: Livestock, feed molasses, fertilizer, tankage, petroleum products in containers, and general commodities, with the usual exceptions including household goods and commodities in bulk, from, to, or between specified points in Missouri, Kansas, and Illinois. James Glenn, 307 North Rollins, Macon, Mo., for applicants.

No. MC-FC 62911. By order of March 28, 1960, the Transfer Board approved the transfer to Ernest G. Reeder, Modena, Pa., of Certificate in No. MC 36578, issued April 23, 1942, to Lewis S. Hickman, Jr., West Chester, Pa., authorizing the transportation of: Passengers and their baggage, in Charter operations, from specified points in Pennsylvania, to points in the District of Columbia, Delaware, Maryland, and New Jersey, and return. Fred T. Cadmus, 124 South High Street, West Chester, Pa., for applicants.

No. MC-FC 62917. By order of March 25, 1960, the Transfer Board approved the transfer to Morstain Transfer, Inc., Highland, Illinois, of Certificates in Nos. MC 62541, and MC 62541 Sub 1, issued November 16, 1940, and July 28, 1950, respectively, to Floyd W. Morstain, Highland, Illinois, authorizing the transportation of general commodities, except household goods, as defined by the Commission, commodities in bulk, and other specified commodities, over a regular route, between Vandalia, Ill., and St. Louis, Mo., and the intermediate points between Vandalia and Highland, and those between Vandalia and Highland, Ill., and off-route points within 15 miles of Highland, Ill., and to and from points in the St. Louis, Mo.-East St. Louis, Ill.,

Commercial Zone, except St. Louis, Mo. R. H. Burroughs, 115A East Main Street, Collinsville, Ill., for applicants.

No. MC-FC 62989. By order of March 25, 1960, the Transfer Board approved the transfer to Capwell Trucking, Inc., Norristown, Pa., of the operating rights issued to August Apel, Jr., Inc., in Certificate No. MC 11679, issued by the Commission August 25, 1959, authorizing the transportation, over irregular routes, of building materials, between New Bergen, N.J., on the one hand, and, on the other, Otisville, Haverstraw, and Catskill, N.Y., and points in Pennsylvania. Bert Collins, 140 Cedar Street, New York 6, N.Y., for applicants.

No. MC-FC 62999. By order of March 25, 1960, the Transfer Board approved the transfer to William Edward Rountree, doing business as Rountree Transportation, Grifton, North Carolina, of Certificate No. MC 111297 issued July 17, 1950, in the name of Juttie M. Holmes and James A. Boney, a partnership, doing business as Holmes & Boney Charter Service, Maple Hill, North Carolina, authorizing the transportation of: Passengers and their baggage, in the same vehicle with passengers, in round trip charter operations, over irregular routes, beginning and ending at points in Pender, Onslow, New Hanover, Duplin Counties, N.C., and extending to Sea View Beach, Va., and Atlantic Beach and Manning, S.C. Joseph C. Moore, Box 2128, Raleigh, N.C., for applicants.

No. MC-FC 63002. By order of March 28, 1960, the Transfer Board approved the transfer to Frederick A. Zank and Duane G. Rahl, a partnership, doing business as Wisconsin Northern Transportation Company, 211 West Knapp Street, Rice Lake, Wis., of Certificate in No. MC 107206, issued February 13, 1950, to Art E. Berg and Selma K. Berg, a

partnership, doing business as Wisconsin Northern Transportation Co., 211 West Knapp Street, Rice Lake, Wis., authorizing the transportation of: Passengers and their baggage, and express, newspapers, and mail, in the same vehicle with passengers, between Eau Claire, Wis., and Duluth, Minn.

No. MC-FC 63057. By order of March 24, 1960, the Transfer Board approved the transfer to Willard Young and John M. Sowers, a partnership, doing business as Great Plains Truck Line, Council Grove, Kansas, of the operating rights issued to Glen Schoof, Council Grove, Kansas, July 6, 1949, in Certificate No. MC 759, authorizing the transportation, over regular routes, between Council Grove, Kans., and Kansas City, Mo., of livestock, household goods, farm machinery, seed, feed, hardware, and building materials. Leland M. Spurgeon, 1319 Huntoon Street, Topeka, Kans., for applicants.

No. MC-FC 63078. By order of March 25, 1960, the Transfer Board approved the transfer to Edwards Trucking, Inc., Main Street, Hemingway, South Carolina, of a Certificate in No. MC 116102, issued February 24, 1959, to Fred Gordon Edwards, doing business as Edwards Trucking, Hemingway, South Carolina, authorizing the transportation of tobacco harvesting machinery and tobacco curing equipment, from Hemingway, S.C., to points in Georgia, tobacco curing equipment, from Farmville, N.C., to Hemingway, S.C., and lumber, from Wilmington, N.C., to Hemingway and Johnsonville, S.C.

[SEAL]

HAROLD D. McCoy,
Secretary.

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8:46 a.m.]

