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SUBCHAPTER C—ACCOUNTS, RECORDS AND REPORTS

PARTS 1200–1219—UNIFORM SYSTEMS OF ACCOUNTS

PART 1200—GENERAL ACCOUNTING REGULATIONS UNDER THE INTERSTATE COMMERCE ACT

Sec.
1200.1 Financial statements released by carriers.
1200.2 Adoption of generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB).

AUTHORITY: 49 U.S.C. 721, 11142, 11143, 11144, 11145.

§ 1200.1 Financial statements released by carriers.

Carriers desiring to do so may prepare and publish financial statements in reports to stockholders and others, except in reports to this Board, based on generally accepted accounting principles for which there is authoritative support, provided that any variance from this Board's prescribed accounting rules contained in such statements is clearly disclosed in footnotes to the statements.

[32 FR 20123, Dec. 20, 1967]

§ 1200.2 Adoption of generally accepted accounting principles issued by the Financial Accounting Standards Board (FASB).

(a) *Accounting Series Circulars.* Following the release of a Statement of Financial Accounting Standards by the FASB, and provided that the Bureau of Accounts of the Board considers such standards appropriate for the Board's accounting regulations, the Bureau of Accounts shall issue an Accounting Series Circular (ASC) requiring carriers under the Board's jurisdiction to follow the new standards in their accounts and reports filed with the Board. The Bureau shall also specify in the ASC the proper accounting procedures that the carriers shall follow.

(b) *Carriers' and Interested Parties' Comments on the ASC.* The ASC issued by the Bureau of Accounts will remain effective until revoked by the Bureau of Accounts. After an ASC is issued, the Bureau of Accounts shall allow carriers and interested parties 45 days following the service date of the ASC during which the respondents may submit to the Bureau their comments and reasons either supporting or opposing the ASC.

(c) *Formal Adoption of the New Accounting Standards.* After considering the comments submitted in response to the ASC, and based on the proposal of the Bureau of Accounts, the Board will decide whether or not to adopt the new accounting standards specified in the ASC by revising the Uniform Systems of Accounts, (49 CFR 1201 through 1210).

(d) *Accounting Standards Not Appropriate for Board's Use.* The Bureau of Accounts may determine that a new FASB Statement of Financial Accounting Standards is not appropriate for use by carriers under the Board's jurisdiction. In such instances, the Bureau shall issue an ASC to advise the carriers that the new standards shall not be used in their reports filed with the Board. The carriers and interested parties shall be allowed 45 days following the ASC's service date to submit comments to the Board. The Board will then determine whether or not to revise the Uniform Systems of Accounts to conform to the new accounting standards.

[43 FR 26314, June 19, 1978]

PART 1201—RAILROAD COMPANIES

Subpart A—Uniform System of Accounts

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APPENDIX I TO PART 1201—CERTIFICATION OF BRANCH LINE ACCOUNTING SYSTEM RECORDS

AUTHORITY: 5 U.S.C. 553 and 49 U.S.C. 11142 and 11164.

Subpart A—Uniform System of Accounts

SOURCE: 42 FR 35017, July 7, 1977, unless otherwise noted.

LIST OF INSTRUCTIONS AND ACCOUNTS

REGULATIONS PRESCRIBED

(i) *Regulations prescribed.* Carriers by railroad subject to provisions of the Interstate Commerce Act and not independently operated as electric lines, and each lessor of such a carrier, shall comply with regulations in this part as presented hereinafter.

(ii) *Definitions.*

1. *Abandonment* means the withdrawal from transportation service of a branch line or other track segment or facility, representing a permanent reduction in plant.

2. *Accounts* means the accounts prescribed in this system of accounts.

3. *Actually issued* as applied to funded debt securities or capital stock issued or assumed by the company, means those which have been sold to bona fide purchasers or holders for a valuable consideration (including those issued in exchange for other securities or other property) and such purchasers or holders secured them free from control by the carriers. Also securities issued as dividends on stock.

4. *Actually outstanding* as applied to funded debt securities or capital stock issued or assumed by the carrier means those which have been actually issued and are neither retired and canceled nor reacquired and held by or for the accounting company.

5. (a) *Affiliated companies* means companies or persons that directly, or indirectly through one or more intermediaries control, or are controlled by, or are under common control with, the accounting carrier.

(b) *Control* (including the terms *controlling, controlled by*, and *under common control with*) means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority of minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. *Amortization* means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period dependent on the requirements of regulatory bodies, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

7. *Carrier* as used herein and when not otherwise indicated in the context means any carrier to which this system of accounts is applicable.

8. *Consolidation* means the formation of a new company. See instruction 2–15.

9. *Board* means the Surface Transportation Board.

10. *Compensating balance* means the portion of any demand deposit (or any time deposit or certificate of deposit) maintained by a carrier (or by any person on behalf of the carrier) which constitutes support for existing borrowing arrangements of the carrier with a lending institution. Such arrangements include both outstanding borrowings and the assurance of future credit availability. (The compensating balance requirement should be adjusted by the amount of float unless such adjustment would cause the compensating balance to be greater than the cash balance per carrier's books.) The float adjustment is made by subtracting the float from the compensating balance requirement if the collected bank ledger balance exceeds the cash balance per carrier's books or by adding the float to the compensating balance requirement if the collected bank ledger balance is less than the cash balance per carrier's books.

(a) *Float* means deposits and withdrawals in transit which constitute a difference between the collected bank ledger balance and the cash balance per carrier's books.

11. *Cost center* refers to an organizational subdivision for which cost data are desired and for which provision is made to accumulate costs such as a terminal, yard, or track segment. A

cost center may correspond to a given area of responsibility for which costs are presently accumulated for planning and control. A cost center is the smallest segment of activity or area of responsibility for which costs are accumulated and directly traceable.

12. *Cost of renewal* means the cost of additional material applied (other than the value assigned second-hand parts remaining in the rebuilt unit) plus the cost of labor used in the rebuilding process, exclusive of the portion applicable to dismantling and repair of old parts reused.

13. *Cost of removal* means cost of demolishing, dismantling, tearing down or otherwise removing property.

14. *Debt issue cost* means all costs in connection with the issuance and sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees, specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers and salespeople for marketing such evidences for debt; fees and costs of listing on exchanges; and other like costs.

15. *Discount* as applied to funded debt securities or capital stock issued or assumed by the carrier, means the excess of the par or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

16. *Equity security* encompasses any instrument representing ownership shares (e.g., common, preferred and other capital stock), or the right to acquire (e.g., warrants, rights, and call options) or dispose of (e.g., put options) ownership shares in an enterprise at fixed or determinable prices. The term does not encompass preferred stock that by its terms either must be redeemed by the issuing enterprise or is redeemable at the option of the investor, nor does it include treasury stock or convertible bonds.

(a) *Marketable,* as applied to an equity security, means an equity security as to which sales prices or bid and ask prices are currently available on a national securities exchange (i.e., those registered with the Securities and Exchange Commission) or in the over-the-counter market. In the over-the-counter market, an equity security shall be considered marketable when a quotation is publicly reported by the National Association of Securities Dealers Automatic Quotations System or by the National Quotations Bureau, Inc. (provided, in the latter case, that quotations are available from at least three dealers). Equity securities traded in foreign markets shall be considered marketable when such markets are of a breadth and scope comparable to those referred to above. This definition is not met by restricted stock (securities for which sale is restricted by a governmental or contractual requirement except where such requirement terminates within one year or where the holder has the power to cause the requirement to be met within one year). Any portion of the stock which can reasonably be expected to qualify for sale within one year, such as may be the case under Rule 144 or similar rules of the Securities and Exchange Commission, is not considered restricted.

(b) *Market value* refers to the aggregate of the market price of a single share or unit times the number of shares or units of each marketable equity security in the portfolio. When an equity has taken positions involving short sales, sales of calls, and purchases of puts for marketable equity securities and the same securities are included in the portfolio, those contracts shall be taken into consideration in the determination of market value of the marketable equity securities.

(c) *Cost,* as applied to a marketable equity security, refers to the original cost unless a new cost basis has been assigned based on recognition of an impairment of value that was deemed other than temporary or as the result of a transfer between current and noncurrent classifications. In such cases, the new cost basis assigned shall be considered cost.

17. (a) *Income taxes* means taxes based on income determined under provisions of the United States Internal Revenue Code and foreign, state and other taxes (including franchise taxes) based on income.

(b) *Income tax expense* means the amount of income taxes (whether or not currently payable or refundable) allocable to a period in the determination of net income.

(c) *Pretax accounting income* means income or loss for a period, exclusive of related income tax expense.

(d) *Taxable income* means the excess of revenues over deductions or the excess of deductions over revenue to be reported for income tax purposes for a period.

(e) *Timing differences* means differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income. Timing differences originate in one period and reverse or *turn around* in one or more subsequent periods. Some timing differences reduce income taxes that would otherwise be payable currently; others increase income taxes that would otherwise be payable currently.

(f) *Permanent differences* means differences between taxable income and pretax accounting income arising from transactions that, under applicable tax laws and regulations, will not be offset by corresponding differences or *turn around* in other periods.

(g) *Tax effects* means differentials in income taxes of a period attributable to (1) revenue or expense transactions which enter into the determination of pretax accounting income in one period and into the determination of taxable income in another period, (2) deductions or credits that may be carried backward or forward for income tax purposes and (3) adjustments of prior periods and direct entries to other stockholders' equity accounts which enter into the determination of taxable income in a period but which do not enter into the determination of pretax accounting income of that period. A permanent difference does not result in a *tax effect* as that term is used in this definition.

(h) *Deferred taxes* means tax effects which are deferred for allocation to income tax expense of future periods.

(i) *Interperiod tax allocation* means the process of apportioning income taxes among periods.

(j) *Tax allocation within a period* means the process of apportioning income tax expenses applicable to a given period between income before extraordinary items and extraordinary items, and of associating the income tax effects of adjustments of prior periods and direct entries to other stockholders' equity accounts with these items.

18. (a) *Investor* means a business entity that holds an investment in voting stock of another company.

(b) *Investee* means a corporation that issued voting stock held by an investor.

(c) *Corporate joint venture* is a company owned and operated as a separate and specific business or project for the mutual benefit of the members of the group. Joint facilities for purposes of this system of accounts are not considered corporate joint ventures.

(d) *Dividends* when applied to distributions received from investees unless otherwise specified, means dividends received or receivable in cash, other assets, or another class of stock and does not include stock dividends or stock splits.

(e) *Earnings or losses of an investee* and *financial position of an investee* refer to net income (or net loss) and financial position of an investee determined in accordance with generally accepted accounting principles.

(f) *Undistributed earnings of an investee* means net income less dividends declared whether received or not.

(g) *Date of acquisition* is the date on which the investor assumes the rights of ownership. Ordinarily, this is the date assets are received and other assets are given or securities issued.

19. *Joint facility* means any owned or leased carrier operating property occupied or operated jointly by the carrier and one or more other carriers, under an arrangement whereby the cost and income are apportioned to the parties to the joint agreement. Portions of a structure or other property used exclusively by each of two or more carriers are not joint facilities.

20. *Ledger value* of an account means the undepreciated or unamortized cost of acquisition of the item to the carrier, recorded in the general ledger. In case the cost of any item of property is

not shown separately in the ledger, the ledger value of that item shall be its proportionate share of the value of the entire group in which the particular property is included.

21. *Merger* means the acquisition of one company by another. See instruction 2–15.

22. *Minor items of property* means the associated parts or items of which units of property are composed.

23. *Net railway operating income:* Operating revenue remaining after deducting operating expenses, income taxes on ordinary income, and the provision for deferred income taxes. Also, in arriving at NROI, deduct the Income from Lease of Road and Equipment and add the Rent for Leased Road and Equipment, formerly accounts 509 and 542, respectively.

24. *Net salvage value* means salvage value of property retired less the cost of removal.

25. *Nominally issued* as applied to funded debt securities or capital stock issued or assumed by the carrier, means those which have been signed, certified by trustees, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the accounting company, but which have not been sold or issued directly to the trustees of such fund in accordance with contractual requirements.

26. *Nominally outstanding* as applied to funded debt securities or capital stock issued or assumed by the carrier, means those which, after being actually issued, have been reacquired by or for the accounting company under such circumstances which require them to be considered as held alive and not retired and canceled.

27. *Premium* as applied to funded debt securities or capital stock issued or assumed by the carrier, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no par stock) or face value and interest or dividends accrued at the date of sale.

28. *Programmed track replacements* are costs incurred as part of a track replacement program or planned expenditures. Programmed track replacements are generally performed by relatively large work gangs which, on the basis of programmed and authorized work orders, use heavy mechanized equipment to replace rail, ties and other track material. For guidance on what not to capitalize, see the notes to the text of Accounts 8, 9 and 11.

29. *Property retired* means units of property which have been removed, sold, abandoned, destroyed, or which for any cause have been permanently withdrawn from service; also minor items of property not replaced.

30. *Rail Transportation Property*. Rail transportation property is all property and other assets, irrespective of ownership, that comprise the entire operating unit devoted to rail transportation service. This definition comprises the following accounts:

701 Cash
703 Special deposits
704 Loans and notes receivable
705 Accounts receivable—interline and other balances
706 Accounts receivable—customers
707 Accounts receivable—other
708.5 Receivable with affiliated companies
709 Accrued accounts receivable
710 Working funds
711 Prepayments
712 Material and supplies
713 Other current assets
714 Deferred income tax charges
731 Road and equipment property
732 Improvements on leased property

31. *Salvage value* means the amount received from the sale of operating property retired less any expenses in connection with the sale or in preparing the property for sale. If the property is retained for reuse, the salvage value shall be recorded in account 712, Materials and Supplies, or other appropriate account at an amount not to exceed its recorded cost (actual or average), or current market value, whichever is lower.

32. *Segment of a business* refers to a component of an entity whose activities represent a separate major line of business or class of customer. A segment may be in the form of a subsidiary, a division, or a department, and in some cases a joint venture or other non-subsidiary investee, provided that its assets, results of operations, and activities can be clearly distinguished, physically and operationally and for financial reporting purposes, from the other assets, results of operations, and

activities of the entity. The fact that the results of operations of the segment being sold or abandoned cannot be separately identified strongly suggests that the transaction should not be classified as a disposal of a segment of business.

(a) *Measurement date* means the date on which the management having authority to approve the action commits itself to a formal plan to dispose of a segment of the business, whether by abandonment or sale. The measurement date for disposals requiring Commission approval shall be the service date of the Order authorizing the disposal.

(b) *Disposal date* refers to the date of closing the sale, if the disposal is by sale or the date that operations cease if the disposal is by abandonment.

33. *Service life* means the period between the date when operating property is placed in service and the date of its retirement.

34. *Service value* means the ledger value of operating property less its salvage value (see definition 17).

35. *Track maintenance* is material and labor costs of routine track repairs such as sporadic tie replacement, repair of broken rails, tightening track bolts and track spikes. A more complete list of maintenance items are included in notes to the text of Accounts 8, 9 and 11.

36. *Work equipment* means equipment which can be coupled in a train for movement over the carrier's tracks, and which is used in the carrier's work service. See equipment listing for account 57, *Work equipment*.

[42 FR 35017, July 7, 1977, as amended at 44 FR 3493, Jan. 19, 1979; 45 FR 31110, May 12, 1980; 48 FR 7183, Feb. 18, 1983; 48 FR 33718, July 25, 1983; 49 FR 2254, Jan. 19, 1984; 52 FR 4321, Feb. 11, 1987]

GENERAL INSTRUCTIONS

1–1 *Classification of carriers.* (a) For purposes of accounting and reporting, carriers are grouped into the following three classes:

Class I: Carriers having annual carrier operating revenues of $250 million or more after applying the railroad revenue deflator formula shown in Note A.

Class II: Carriers having annual carrier operating revenues of less than $250 million but in excess of $20 million after applying the railroad revenue deflator formula shown in Note A.

Class III: Carriers having annual carrier operating revenues of $20 million or less after applying the railroad revenue deflator formula shown in Note A.

(b)(1) The class to which any carrier belongs shall be determined by annual carrier operating revenues after the railroad revenue deflator adjustment. Upward and downward reclassification will be effected as of January 1 in the year immediately following the third consecutive year of revenue qualification.

(2) If a Class II or Class III carrier's classification is changed based on three years' adjusted revenues the carrier shall complete and file the Classification Index Survey Form with the Commission by March 31 of the year following the end of the period to which it relates.

(3) Newly organized carriers shall be classified on the basis of their annual carrier operating revenues after railroad revenue deflator adjustment for the latest period of operation. If actual data are not available, new carriers shall be classified on the basis of their carrier operating revenues known and estimated for a year (after railroad revenue deflator adjustment).

(4) When a business combination occurs, such as a merger, reorganization, or consolidation, the surviving carrier shall be reclassified effective January 1 of the next calendar year on the basis of the combined revenue for the year when the combination occurred (after railroad revenue deflator adjustment).

(5) In unusual circumstances, such as partial liquidation and curtailment or elimination of contracted services, where regulations will unduly burden the carrier, the carrier may request the Board for an exception to the regulations. This request shall be in writing specifying the conditions justifying an exception.

(c) Class I carriers shall keep all of the accounts of this system which are applicable to their operations. Class II and III carriers are not required to maintain the accounts of this system.

(d) All switching and terminal companies, regardless of their operating revenues will be designated Class III carriers.

(e) Unless provided for otherwise, all electric railway carriers, regardless of operating revenues, will be designated Class III carriers.

NOTE A: The railroad revenue deflator formula is based on the Railroad Freight Price Index developed by the Bureau of Labor Statistics. The formula is as follows:

Current Year's Revenues × (1991 Average Index/Current Year's Average Index)

NOTE B: See related regulations 49 CFR 1241.15 Railroad classification survey form.

[57 FR 27185, June 18, 1992; 57 FR 31754, July 17, 1992]

1–2 *Classification of accounts.* (a) Accounts are prescribed to cover cost of property used in transportation operations and operations incidental thereto and for revenues, expenses, taxes, rents, and other items of income for such operations. Separate accounts are prescribed for investment in property not used in transportation operations and for other investments and income therefrom; for unusual and infrequent items; for operations and disposal of discontinued segments; for extraordinary items and accounting changes; and for assets, liabilities and capital includable in the balance sheet statement. Retained earnings accounts form the connecting link between the income account and the equity section of the balance sheet. They are provided to record the transfer of net income or loss for the year; certain capital transactions; and, when authorized by the Board, other items.

(b) The cost of property, and the revenues, expenses, taxes and rents for miscellaneous operations involving the use of such facilities as hotels, restaurants, grain elevators, storage warehouses, power plants, cold storage plants, etc., shall not be included in the accounts prescribed for transportation operations unless the operation of the facilities is conducted by the railway companies in connection with furnishing transportation services. Likewise, the cost of property, the revenues, expenses, taxes, and rents arising from the operation of stockyards shall not be included in accounts prescribed for transportation operations unless operation of the facilities is conducted in connection with transportation of livestock. It is not intended that cost of property and income arising from incidental public stockyards service rendered by stockyards primarily devoted to transportation services shall be excluded from transportation operation accounts.

(c) Joint facility accounts are provided for the joint users of tracks, bridges, yards, wharves, stations, and other facilities in which to record items in settlement for use of such facilities. When the compensation for the use of facilities is a fixed amount or is based upon a charge per passenger, ton, car or other unit, the amount shall be fairly apportioned by the operating company among the joint facility operating expense and income accounts. The creditor shall show the distribution of these charges upon its bills, and such distribution shall be adhered to by the debtor. Train service in connection with the line haul of traffic, including that operated under a joint arrangement for the benefit of two or more carriers, is not considered a joint facility operation.

(d)(1) *Extraordinary Items.* All items of profit and loss recognized during the year are includable in ordinary income unless evidence clearly supports their classification as extraordinary items.

Extraordinary items are characterized by both their unusual nature and infrequent occurrence taking into account the environment in which the firm operates; they must also meet the materiality standard.

Unusual means the event or transaction must possess a high degree of abnormality and be of a type clearly unrelated to, or only incidentally related to the ordinary and typical activities of the entity.

Infrequent occurrence means the event or transaction shall be of a type not reasonably expected to recur in the foreseeable future.

(2) *Unusual or Infrequent Items.* Material events unusual in nature or infrequent in occurrence but not both, thus not meeting both criteria for classification as extraordinary, shall be includable in the accounts provided as separate components of income/expense from continuing operations.

(3) *Discontinued Operations.* The results of continuing operations shall be reported separately from discontinued operations and any gain or loss resulting from disposal of a segment of a business (see definition 23(a)) shall be reported in conjunction with the related results of discontinued operations and not as an extraordinary item. The disposal of a segment of a business shall be distinguished from other disposals of assets incident to the evolution of the entity's business, such as the disposal of part of a line of business, the shifting of production or marketing activities for a particular line of business from one location to another, the phasing out of a product line or class of service, and other changes occasioned by technological improvements. If a loss is expected from the proposed sale or abandonment of a segment, the estimated loss shall be provided for at the measurement date (see definition 23(b)). If a gain is expected, it shall be recognized when realized, which ordinarily is the disposal date (see definition 23(c)).

(4) *Prior period adjustments.* Only the following two items of profit and loss shall be accounted for and reported as prior period adjustments and excluded from the determination of net income for the current period:

(1) Correction of an error in the financial statements of a prior period, and

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

With the exception of the two items just mentioned, all items of profit and loss recognized during a period shall be included in the determination of net income for that period.

NOTE: The carrier shall follow generally accepted accounting principles where an interpretation of the rules is needed or obtain an interpretation from its public accountant or the Board.

(5) *Accounting Changes.* Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. In contrast, a change in an accounting estimate results from new information or subsequent developments and from better insight or judgment. Correction of an error should be accomplished through a prior period adjustment [See Instruction 1–2(d)(4)]. Changes in an accounting estimate should be accounted for in the period of change (and future period if the change affects both)(See Instruction 1–7). A change in an accounting principle or accounting entity should be referred to this Board for approval. The cumulative effect of a change in accounting principle should ordinarily be reflected in the account provided for in determining net income.

(6) *Materiality.* As a general standard an item shall be considered material when it exceeds 10 percent of annual income (loss) before extraordinary items. An item may also be considered in relation to the trend of annual earnings before extraordinary items or other appropriate criteria. Items shall be considered individually and not in the aggregate in determining materiality. However, the effects of a series of related transactions arising from a single specific and identifiable event or plan of action shall be aggregated to determine materiality.

(7) *Board Approval and Accountant's Letter.* Items shall be included in the accounts provided for extraordinary items, unusual or infrequent items, discontinued operations, prior period adjustments and cumulative effect of changes in accounting principles only upon approval of the Board. If the carrier retains the service of an independent accountant, a request for using these accounts shall be accompanied by a letter from the independent accountant approving or otherwise commenting on the request.

NOTE: The carrier may refer to generally accepted accounting principles for further guidance in applying paragraph (d) above.

[42 FR 35017, July 7, 1977 as amended at 43 FR 37455, Aug. 23, 1978; 52 FR 4321, 4324, Feb. 11, 1987]

1–3 *Records.* (a) Each carrier shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry

shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

(b) All expenditures including the expense accounts of officers and employees shall be supported by vouchers, payrolls, receipted bills, canceled checks, receipts for petty cash payments, or other evidences of the expenditures incurred.

(c) The books referred to herein include not only books of accounts in a limited technical sense but all other records such as minute books, stock books, reports, correspondence, memoranda, etc., which will be useful in developing the history of or facts regarding any transaction.

(d) No carrier shall destroy any books, records, memoranda, etc., which support entries to its accounts unless destruction is permitted by the regulations governing preservation of records, Part 1220 of this chapter.

(e) In addition to prescribed accounts, clearing accounts, temporary accounts, and subdivisions of any accounts may be kept, provided the integrity of the prescribed accounts is not impaired.

(f) Cost detail shall be maintained by cost centers for purposes of cost assignments effective 1-1-79. This provides for cost control and cost planning at any designated area of responsibility. These cost centers shall be similarly defined as the railroads' existing responsibility centers. Cost center information shall therefore be kept at the same level of detail presently collected, categorized, and maintained in railroad internal managerial accounting systems. This detailed information shall not be reported to the Board on an ongoing basis. However, the carrier shall keep the detailed information to provide a ready analysis and verification of the costs collected by cost center.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4324, Feb. 11, 1987; 61 FR 9113, Mar. 7, 1996]

1–4 *Accounting period.* (a) Each carrier shall keep its books on a monthly basis so that known transactions, as nearly as may be ascertained, shall be entered in the accounts not later than 60 days after the last day of the period for which the accounts are stated, except that the time within which the final entries for the year ending December 31 shall be made may be extended to such date in the following March as shall not interfere with the preparation and filing of annual report.

(b) A trial balance of the general ledger accounts shall be prepared at the close of each month setting out the account number, title, and amount of each ledger account. (Mechanical, electronic or automatic data processing printout documentation producing the equivalent of manually prepared trial balances shall identify balances by account numbers.) At the end of the calendar year, the revenue, expense, and other income accounts shall be closed into retained earnings account, and the balance sheet account balances shall be brought forward to the general ledger for the succeeding year.

(c) No changes shall be made in the accounts for periods covered by quarterly and annual reports that have been filed with the Board unless the changes have first been authorized by the Board.

1–5 *Accrual method of accounting.* The accounting for operating revenues, operating expenses, income and other items each month and year shall be, as nearly as practicable, upon the basis of accruals consistently applied. Any change in practice of accounting for accruals or any unusual accruals involving material amounts shall be reported promptly to the Board.

1–6 *Charges to be just and reasonable.* All charges to the accounts prescribed in this system of accounts for carrier property, operating revenues, operating and maintenance expenses, and other carrier expenses, shall be just, reasonable and not exceed amounts necessary to the honest and efficient operation and management of carrier business. Payments shall not exceed the fair market value of goods and services acquired in an arm's length transaction. Any payments in excess of such just and reasonable charges shall be included in account 551, *Miscellaneous income charges.*

1–7 *Changes in accounting estimates.* Changes in accounting estimate arising during the current year which are applicable to prior years shall be included in the same account which would have

been charged or credited if the item had been taken up or the adjustment made in the year to which it pertained. [See Instruction 1–2(d)(5) for Accounting Changes].

[42 FR 35017, July 7, 1977, as amended at 52 FR 4324, Feb. 11, 1987]

1–8 *Accounting for computer systems and word processing costs.* (a) Capitalized costs for computer systems and word processing equipment shall be charged to property account 59, when such costs are not dedicated to a particular function (See Account 59). Related depreciation expenses for capitalized costs shall be charged to account 62–23–00, Depreciation, Other Equipment.

(b) Repair and maintenance costs related to computer systems and word processing equipment shall be charged to function 46 of the Other equipment subactivity by appropriate natural expense (labor, material, purchased services, other). Repairs performed by an outside company shall be charged to operating expense account 39–23–46.

(c) Operating costs related to computer systems and word processing equipment shall be charged to function 87, Management services and data and word processing, when the equipment benefits more than one activity. When the equipment benefits one activity only, such operating costs shall be charged to the activity/function benefited.

[52 FR 4324, Feb. 11, 1987]

1–9 *Transactions with affiliated companies.* (a) The records and supporting data of all transactions with affiliated companies shall be maintained in a separate file. The types of transactions referred to in this paragraph are for management services or any other type of services rendered, sale or use of facilities or any other type of assets or property. The file shall be maintained so as to enable the carrier, upon a Board request, to furnish accurate information with supporting documentation about particular transactions within 15 days of the request. We do not intend the file to include data relating to ordinary carrier operations (e.g. lawful tariff charges or interchange of equipment).

(b) Each bill rendered by an affiliated company shall state specifically the basis used for determining charges, unless the file contains the information to support the specific basis for charges.

(c) Punched cards, magnetic tapes, discs, or other machine-sensible devices used for recording, consolidating, and summarizing accounting transactions and records with a carrier's electronic or automatic data processing system may constitute a file within the meaning of this instruction.

(d) The carrier shall record, as the cost of assets or services received from an affiliated supplier, the invoice price (plus any incidental costs related to those transactions) in those cases where the invoice price can be determined from a prevailing price list of the affiliated supplier available to the general public in the normal course of business. If no such price list exists, the charges shall be recorded at the lower of their cost to the originating affiliated supplier (less all applicable valuation reserves in case of asset sales, or their estimated fair market value determined on the basis of a representative study of similar competitive and arm's-length or bargained transaction. Any difference between actual transaction price and the above, as well as charges that are not transportation related, shall be considered of a financing nature and shall be recorded, accordingly, as nonoperating charges or credits. (See instruction 1–6.)

(e) Nothing contained herein shall be construed as restraining the carrier from subdividing accounts (see instruction I–3(e)) for the purpose of recording separately transactions with affiliated companies.

(f) Carriers reporting information on a consolidated or combined basis in railroad Annual Report Form R–1 shall maintain a file with appropriate records and supporting data. This shall include work sheets showing revenues, expenses, earnings, investment in assets and accumulated depreciation for all affiliated railroads and rail-related affiliated companies. The work sheets shall also disclose any eliminations. Carriers shall also disclose the methodology used to support segregation of

rail-related or other items as appropriate. Further, a file shall be maintained to support and reconcile entity sales, transfers and reclassifications as well as taxes deducted from gains or losses.

[42 FR 35017, July 7, 1977, as amended at 53 FR 46620, Nov. 18, 1988]

1–10 *Accounting for income taxes.* (a) The interperiod tax allocation method of accounting shall be applied where material timing differences (see definition 20(e)) occur between pretax accounting income and taxable income. Carriers may elect, as provided by the Revenue Act of 1971, to account for the investment tax credit by either the flow through method or the deferred method of accounting. See paragraphs (d) and (e) below. All income taxes (Federal, state and other) currently accruable for income tax return purposes shall be charged to account 556, *Income taxes on ordinary income,* and account 590, *Income Taxes on Extraordinary Items,* as applicable.

(b) Under the interperiod tax allocation method of accounting the tax effect of timing differences (see definition 20) originating in the current accounting period are allocated to income tax expense of future periods when the timing differences reverse. Similar timing differences originating and reversing in the current accounting period should be combined into groups and the current tax rates applied to determine the tax effect of each group. A carrier shall not apply other than current tax rates in determining the tax effect of reversing differences except upon approval of the Board. When determining the amount of deferred taxes, rather than computing state and other taxes individually by jurisdiction, the Federal income tax rate may be increased by a percent equivalent to the effect of taxes imposed by the jurisdictions. In classifying a deferred charge or credit as current or noncurrent a carrier shall follow the classification criteria used for the related asset or liability which caused the timing difference. A deferred charge or credit that is not related to an asset or liability because (a) there is no associated asset or liability or (b) reduction of an associated asset or liability will not cause the timing difference to reverse shall be classified based on the expected reversal date of the specific timing difference. Such classification disregards any additional timing differences that may arise and is based on the criteria used for classifying other assets and liabilities.

(c) The future tax benefits of loss carryforwards shall normally be recognized in the year in which such loss is applied to reduce taxes. Only in those unusual instances when realization is assured beyond any reasonable doubt should the future tax benefits of loss carryforwards be recognized in the year of loss. The tax effects of any realizable loss carrybacks shall be recognized in the determination of net income (loss) of the loss periods; appropriate adjustments of existing net deferred tax credits may also be necessary in the loss period.

(d) Carriers electing to account for the investment tax credit by the flow through method shall credit account 556 *Income taxes on ordinary income,* or account 590, *Income taxes on extraordinary items,* as applicable, and charge account 760, *Federal income taxes accrued,* with the amount of investment tax credit utilized in the current accounting period. When the flow through method is followed for the investment tax credit, account 557, *Provision for Deferred Taxes,* shall reflect the difference between the tax payable (after recognition of allowable investment tax credit) based on taxable income and tax expense (with full recognition of investment tax credit that would be allowable based on accounting income) based on accounting income.

(e) Carriers electing to account for the investment tax credit by the deferred method shall concurrently with making the entries prescribed in (d) above charge account 557, *Provision for deferred taxes,* or account 591, *Provision for deferred taxes—extraordinary item,* as applicable, and shall credit account 786, *Accumulated deferred income tax credits,* with the investment tax credit utilized as a reduction of the current year's tax liability but deferred for accounting purposes. The investment tax credit so deferred shall be amortized by credits

to account 557, *Provision for deferred taxes.*

NOTE A: Any change in practice of accounting for the investment tax credit shall be reported promptly to the Board. Carriers desiring to clear deferred investment tax credits because of a change from the deferral method to the flow though method shall submit the proposed journal entry to the Board for consideration and advice.

NOTE B: The carrier shall follow generally accepted accounting principles where an interpretation of the accounting rules for income taxes is needed or obtain an interpretation from its public accountant or the Board.

[42 FR 35017, July 7, 1977, as amended at 47 FR 12350, Mar. 23, 1982; 52 FR 4321, Feb. 11, 1987]

1–11 *Items in texts of accounts.* The items appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The items are intended to be representative, but not exhaustive. The appearance of an item in the text of a primary account warrants the inclusion of the item in the account mentioned only when the whole text also indicates inclusion inasmuch as the same item frequently appears in more than one primary account. The proper entry in each instance must be determined by the entire text of each primary account.

1–12 *Distribution of pay and expenses of employees.* (a) The pay and expenses of officers or employees regularly assigned to specific duties who perform incidental services of a different nature involving small expense may be included in the appropriate expense accounts for the duties to which such officers or employees are regularly assigned.

(b) When it is necessary to apportion the pay of officers and employees among various accounts, the carrier shall apportion the pay on the basis of the directly assignable pay to the various accounts.

1–13 *Payroll related expenses.* (a) Fringe benefits (account series 12–00–00) distributed to the activities using one of the following techniques (in order of preference):

(1) Apply appropriate factors to the total of the fringe expense account, in such a way as to distribute an equitable proportion of cost to each activity. These factors shall be developed to take into account variables such as the following:

(i) The effect of seniority on the expense. For example, profit sharing or pensions may be available to only certain categories of employees, which may be more predominant in one activity than another.

(ii) The effect of the type of work performed. For example, workmen's compensation expense may vary for each category of employees because of the rate charged or the claims experience of the category.

(iii) Any other variable which may have an appreciable effect on the equity of the apportionment.

(2) Distribute the amount in the same proportion as the pay charged to each activity in account series 11–00–00 (salaries and wages).

(3) Distribute the amounts using any other equitable basis which the carrier can substantiate.

(b) All carriers shall be prepared to describe the basis of apportionment used to distribute expenses included in this instruction.

(c) Any carrier which finds it impracticable to distribute expenses as required by this instruction should furnish the Board with full particulars of the conditions which prevent the proper distribution. Upon receipt of such information carrier will be advised of the procedure to be followed.

1–14 *Submission of questions.* To maintain uniformity of accounting, carriers shall submit questions of doubtful interpretation to the Board for consideration and decision.

1–15 *Transfers from government authorities.* When a Federal, State, or municipal government transfers cash or other assets to a railroad, the transaction shall be accounted for in accordance with the provisions set forth hereunder.

(a) The following forms of government transfers shall be included in account 502, *Railway Operating Revenues—Transfers from Government Authorities for Current Operations* when received:

(1) Payments as reimbursement for operating losses sustained on a specific line, or in a certain region. Examples

include support of commuter operations of a railroad, and local rail service assistance subsidies granted to a railroad under authority of the Railroad Revitalization and Regulatory Reform Act of 1976;

(2) Subsidies designated by the donor to offset operating expenses of the railroad, and

(3) Subsidies which may be applied at the discretion of the recipient to operating expenses and/or operating property.

(b) Government transfers relating to the acquisition, addition to, or improvement of depreciable operating property shall be included in account 783, *Deferred Revenues—Transfers from Government Authorities* when received. Account 783 shall be periodically charged, and account 503, *Railway Operating Revenues—Amortization of Deferred Transfers from Government Authorities* shall be credited with amounts equal to the depreciation costs of the assets to which they apply.

(c) Government transfers in the form of, or designated for the purchase of nondepreciable operating property shall be included in account 796, *Other Capital Surplus* in the manner described in the text of that account.

(d)(1) Transfers from the Federal Government to Amtrak and ConRail relating to the acquisitions, addition to, or improvement of depreciable or nondepreciable operating property shall be included in account 796 in the manner described in the text of that account.

(2) Transfers from the Federal Government to Amtrak and ConRail other than those described in paragraph (d)(1) shall be accounted for in accordance with paragraph (a) of this section.

(e) The provisions of this section do not apply to the following forms of government transfers:

(1) Government contributions in connection with construction projects in which government agencies and railroads participate. Transfers of this type shall be accounted for in accordance with the provisions of instruction 2–17. Paragraph (b) of that instruction lists applicable construction projects.

(2) Government payment for specific services rendered by the carrier in transporting property or persons by rail line other than services described in paragraph (a)(1) of this section. Such payments shall be included in account 501, *Railway Operating Revenues (Exclusive of Transfers from Government Authorities).*

(3) Government transfers relating to other than carrier operations.

(4) Government transfers in exchange for debt and/or equity securities of recipients.

(f) Government transfers shall generally be recorded when made available to the railroad. However, transfers relating to specific operations shall be recorded as earned.

(g) Government transfers in the form of assets other than cash shall be recorded at fair value when received.

[43 FR 30558, July 17, 1978, as amended at 52 FR 4321, Feb. 11, 1987]

1–16 *Business entertainment expenses.* (a) Business entertainment expenses are to be accounted for as operating expenses when incurred in conjunction with sales or marketing related activities. Sales or marketing related activities are those that emphasize a carrier's ability to provide efficient, timely and competitive service. These activities include outlays designed to promote new business as well as outlays incurred in maintaining existing business. The entertainment expenditures must be reasonable in relation to the business conducted and the business purpose for the entertainment must be adequately supported. Examples of this type of activity include the following:

(1) Salespersons' salaries and travel expenses, advertising, promotional and educational material;

(2) The conduct of shipper symposiums, conferences, meetings and traffic related functions;

(3) The use of direct mail solicitations and the publication and distribution of routing guides and service directories;

(4) Incidental promotional materials such as road atlases, calendars, pens, scratchpads, and other materials of nominal value;

(5) The conduct of business oriented lunches and dinners, public affairs programming, conferences and customer service calls;

(6) Sponsoring sales promotion functions, involving a number of customers or potential customers.

It must be noted that an activity listed above is not to be automatically accounted for as an operating expense. A carrier must be able to justify that an activity was primarily sales or marketing related.

(b) Business entertainment expenses are to be accounted for as non-operating expenses when they cannot be shown to be related to the sales or marketing activity. These are expenses that are primarily related to recreation or to the convenience and comfort of the individuals rather than to the transaction of business. Examples of this type of activity include the following:

(1) Recreational or resort entertainment, including but not limited to, fishing, hunting, tennis, golfing, skiing or other sporting or recreational trips or outings;

(2) Expense paid transportation in any carrier owned, leased or furnished vehicles, planes, helicopters, boats, yachts, or other methods;

(3) Expense paid lodging in any carrier owned, leased or furnished motels, hotels, apartments, condominiums, lodges, rooms and other places of overnight accommodation;

(4) Paid admission to any sporting, cultural, educational, recreational, or entertaining occurrence or event;

(5) Gifts such as athletic equipment, food or liquor, beverages of all types, smoking materials, clothing and personal accessories;

(6) The furnishing of lunches, dinners, appetizers or beverages where there is no true business purpose;

(7) Social occasions such as holiday parties.

It must be noted that an activity listed above is not to be automatically accounted for as a non-operating expense. If a carrier can justify that the activity was primarily sales or marketing related, it may be accounted for as an operating expense.

NOTE: The examples listed above are not inclusive, but are intended as a guide to give carriers an indication of what will or will not be permitted to be recovered through the rate structure. In all instances the burden of proof will fall on the carrier involved.

[47 FR 9467, Mar. 5, 1982, as amended at 52 FR 4321, Feb. 11, 1987]

1–17 *Disclosure guideline.* In addition to the accounting policies presented in these regulations, all disclosures relating to APB Opinions and FASB Statements adopted by the Board are required.

[52 FR 4324, Feb. 11, 1987]

INSTRUCTIONS FOR PROPERTY ACCOUNTS

2–1 *Items to be charged.* (a) To the road and equipment property accounts shall be charged the cost of purchasing land, the cost of purchasing and constructing buildings, facilities and equipment, and the cost of additions and betterments to property, *Cost* means the amount of cash disbursed, or the fair value of other assets distributed, or the present value of amounts to be paid. Where the fair market value of resources given up (assets, services or items of stockholder's equity) is not clearly determinable, the cost may be determined by the fair market value of the resources acquired. The carrier shall be prepared to furnish the Board with the particulars of its method of determining cash value when the consideration is other than monetary. The amount of liabilities incurred with suppliers in the normal course of business, which are due in customary trade terms not exceeding approximately one year, shall be recorded at the maturity value. Acquisition date is the date title passes to the carrier.

(b) The cost of road and equipment purchased under a plan involving other deferred payments (debt or capital lease) shall be recorded at the discounted present value of the payment, net of executory costs such as insurance, maintenance, and taxes. The interest rate used to discount the payments should be the prevailing market rate for similar debt instruments of issues with similar credit ratings. In any event, the rate used for valuation purposes will normally be at least equal to the rate at which the carrier can obtain financing of a similar nature from other sources at the date of

the transaction (the carrier's incremental borrowing rate). In the case of a capital lease, when it is practical to ascertain the implicit rate computed by the lessor, and that rate is less than the carrier's incremental borrowing rate, the carrier should use the implicit rate. Acquisition date for a capital lease is the date the lease agreement is signed. If the property covered by the lease has yet to be constructed or has not been acquired by the lessor at the date the lease agreement or commitment is signed, the acquisition date shall be the date the property under construction is completed or the date the property not yet acquired is acquired by the lessor. (See Instruction 2–20.)

(c) Where actually incurred, interest cost is to be added to the cost of road and equipment deemed *qualifying assets* during the period of time required to get them ready for their intended use (acquisition period). *Qualifying assets* are those that are (1) either constructed or otherwise produced for a carrier's own use (including assets constructed or produced for the carrier by others for which deposits or progress payments have been made) or (2) assets intended for sale or lease that are constructed or otherwise produced as discrete projects. The amount of interest to be capitalized for qualifying assets shall be based upon the average amount of accumulated expenditures for the asset during the acquisition period at the rate used on specific new borrowings associated with the qualifying asset. If average accumulated expenditures for the asset exceed the amount of specific new borrowings associated with the asset, the rate to be applied to such excess shall be a weighted average of the rates applicable to other borrowings of the enterprise. The total amount of interest cost capitalized in an accounting period shall not exceed the total amount of interest cost incurred by the enterprise during that period.

(d) Suitable records shall be maintained showing expenditures during the year for original road and equipment and road extensions; for merger and purchase of existing lines and reorganizations; for additions and betterments; and credits for property retirement.

(e) When the carrier exchanges road and equipment for other road and equipment with no other consideration involved, the road and equipment received shall be recorded at the ledger value of the road and equipment relinquished. Where the carrier receives a monetary consideration in the exchange, the carrier shall recognize gain on the exchange to the extent that the consideration received exceeds a proportionate share of the recorded cost of the road and equipment surrendered. The portion of the cost applicable to the realized amount shall be based on the ratio of the monetary consideration to the total consideration received (monetary consideration plus the estimate fair value of the road and equipment received) or, if more clearly evident, the fair value of the road and equipment transferred. Where the carrier pays a monetary consideration in the exchange, it shall not recognize any gain on the transaction but shall record the road and equipment received at the amount of the monetary consideration paid plus the recorded costs of the road and equipment surrendered. If a loss is indicated by the terms of an exchange transaction, the carrier shall recognize the entire loss on the exchange. Immaterial gains and losses on these exchanges shall be included in account 519, Miscellaneous Income, or 551, Miscellaneous Income Charges, as appropriate. Material amounts shall be recorded in accordance with Instruction 1–2(d).

[52 FR 4324, Feb. 11, 1987]

2–2 *Minimum rule applicable to additions to property*. An exception to the rule in Instruction 2–1 is that when the cost of acquisition of units of road property and of additions to existing units of road property (other than land and tracks) is less than $5,000, such costs may be charged to operating expenses. This amount (rounded to the nearest $100) will be adjusted by the June Producer Price Index for all commodities when an aggregate adjustment is $500 or more. The revision will be published in the Federal Register and be effective as of January 1 of the following year. The carrier shall not

parcel expenditures under a general plan bringing the accounting for such expenditures within this minimum rule. An amount of less than the current minimum capitalization level, for the railroad as a whole or for individual property accounts may be adopted for purposes of this rule provided the carrier first notifies the Board of the amount it proposes to adopt and thereafter makes no change in the amount unless authorized by the Board. An amount adopted shall be adhered to in reporting property changes for valuation purposes.

[55 FR 42016, Oct. 17, 1990]

2–3 *Land.* (a) Accounts are provided for the cost of land used in transportation operations and also for land used in other than transportation operations. When land is retired from transportation operations but is retained by the carrier the original cost (estimated, if not known) shall be transferred to the account prescribed for property used in other than transportation operations. It is not contemplated that irregular parcels of land acquired in connection with acquisition of right-of-way which have no value as commercial property shall be thus transferred, either for the purpose of making right-of-way boundaries run more or less regular or for the purpose of eliminating from transportation property account the cost of unoccupied lands between tracks in yards and terminals. When any land, the cost of which is included in the accounts, is sold or otherwise retired, the ledger value shall be credited to the appropriate property investment account. The profit or loss from sale or loss from retirement or land shall be included in the accounts prescribed for such amounts.

(b) [Reserved]

[42 FR 35017, July 7, 1977, as amended at 52 FR 4324, Feb. 11, 1987]

2–4 *Structures.* Accounts are provided for the cost of several classes of buildings and facilities, including fixtures permanently attached to and made a part thereof. When a building or other structure is used or held primarily for transportation operations and is an integral part of the carrier's transportation plant, but a part thereof is used or held for commercial purposes such as for rental to others or for use in other than transportation operations by the carrier, the entire cost of the building or other structure is includable in the accounts for transportation property. When a building or other structure is used or held primarily for commercial purposes or for use in other than transportation operations by the carrier, the entire cost of the building or structure is includable in account 737, *Property used in other than carrier operations.* Reclassification of property from its primary classification as transportation or other than transportation property, as the case may be, to the other classification is not required where changes in use are of a temporary nature or for a short period of time. The accounting for costs of maintenance, taxes, other operating costs, and for revenues and rentals shall be consistent with the classification of the building or other structure.

2–5 *Equipment.* Accounts are provided for several classes of equipment, such as locomotives, passenger-train cars, freight-train cars, highway revenue equipment, work equipment, floating equipment, and the necessary appurtenance, furniture, and fixtures first to equip for service, including the cost of inspection, setting up, and trying out, and transportation over foreign lines; also the cost of additions and betterments, such as improved appliances, parts, or appurtenances. When retired equipment is held without being torn down, the estimated value of the salvage therefrom shall be included in account 741, *Other assets,* until the salvage is recovered, except that the estimated scrap value of retired equipment held for sale in the ordinary course of business, and on which sale and realization of the proceeds within one year is assured, is includable in account 713, *Other current assets.*

2–6 *Components of construction cost.* The cost of constructing property includable in the property accounts shall include the direct and other costs as described hereunder.

(a) *Cost of labor.* This includes the amount paid for labor expended by the carrier's own employees, including the cost of labor expended for preliminary work, such as sinking test holes or

making soundings for tunnels, grading, buildings, and other structures; and cost of labor expended in laying and taking up tracks for temporary use in construction, except the cost of labor expended on tracks provided for the protection of traffic during the progress of addition and betterment work. The cost of labor shall also include the accounting company's expenditures for associated fringe benefits, such as vacation and holiday pay, health and welfare group insurance, pensions and retirement plans, payroll taxes and unemployment insurance. Office expenses and traveling and other personal expenses of employees, when borne by the carrier, shall be considered a part of the cost of the labor, as shall also the cost of fidelity bonds and employer's liability insurance premiums. When officers or employees are especially assigned to construction work their pay and their traveling and incidental expenses while thus engaged shall be included in the cost of the work. No charge shall be made against road and equipment accounts for the pay of officers and employees who merely render services incidentally in connection with extensions, additions, or betterments, although traveling and incidental expenses incurred by such officers and employees solely on account of such work shall be included in the account to which the cost of the work is chargeable.

(b) *Cost of materials and supplies.* This includes the purchase price of materials and supplies, including small tools, at the point of free delivery plus the cost of inspection and loading assumed by the carrier; a suitable proportion of store expenses; also sales and excise taxes on materials and supplies except as otherwise provided in the text of account 712, *Material and supplies.* In calculating the cost of materials used, proper allowance shall be made for the value of unused portions and of cuttings, turnings, borings, etc.; for the value of the material recovered from temporary tracks, scaffolding, cofferdams, and other temporary structures used in construction; and for the value of small tools recovered and used for other purposes.

(c) *Cost of work-train service.* This includes amounts paid to others for rent and maintenance of equipment used; cost of labor of enginemen, trainmen, and enginehousemen, including wages of engine crews and train crews held in readiness for such service; and cost of fuel and other supplies consumed in connection with the operation of work trains. It shall also include the cost of maintaining the carrier's own equipment used in construction service. Amounts representing constructive rent or return upon the investment in owned equipment shall not be included as a part of the cost of work-train service.

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

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

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

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

(h) *Cost of injuries and damages.* This includes expenditures on account of injuries to persons or damage to property when incurred directly as a result of

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

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

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

(k) *Interest cost.* [See Instruction 2–1(c)].

[42 FR 35017, July 7, 1977, as amended at 52 FR 4325, Feb. 11, 1987]

2–7 *Additions to and retirements of property—General.* (a) In accounting for additions to and retirements and replacements of road and equipment property (excluding land) used in transportation operations, such property changes shall be considered as consisting of: (1) Units of property, and (2) other than units of property as prescribed in Instruction 2–19. Track property changes will be distinguished by units of property as approved by the Commission.

(b) The cost of removal of retired property, both depreciable and other than depreciable, when borne by the carrier, shall be charged, as appropriate, to account 11–13–39, *Personnel—Salaries and Wages—Way and Structures—Other—Dismantling retired property,* or 11–23–39. *Personnel—Salaries and Wages—Equipment—Other Equipment—Dismantling retired property,* and other appropriate accounts (including subactivities 11 and 12).[1]

(c) An equitable proportion of a balance in property accounts 76, *Interest During Construction,* and 80, *Other elements of investment,* applicable to retired property shall be cleared from these accounts concurrently with the retirement accounting. Unless provided for otherwise, interest costs shall be capitalized in accordance with generally accepted accounting principles.

(d) When retired property is held and not removed, the estimated value of the salvage therefrom shall be included in account 741, *Other assets,* until the salvage is recovered, except that the estimated scrap value of retired property held for sale in the ordinary course of business, and on which sale and realization of the proceeds within one year is assured, is includible in account 713, *Other current assets.*

(e) The accounting for track additions and retirements (with and without replacement) shall be guided by Instruction 2–10.

[42 FR 35017, July 7, 1977, as amended at 46 FR 10920, Feb. 5, 1981; 48 FR 7183, Feb. 18, 1983; 49 FR 2254, Jan. 19, 1984; 52 FR 4321, Feb. 11, 1987]

2–8 *Additions to and retirements of units of property.* (a) When a unit of road or equipment property is added to the plant, the cost thereof shall be included in the appropriate primary account. When a unit of property is retired, with or without replacement, the

[1] The references to solely related freight operating expense activity/subactivity numbers and titles used throughout the system are for convenience and brevity. Refer to the specific account texts to determine the appropriate solely related passenger and/or common expense activity/subactivity numbers.

cost thereof shall be written out of the property account at time of retirement.

(b) When a unit of road or equipment property (or a minor item not replaced) classified as depreciable and included in the accounts prescribed for depreciable property is retired the service value shall be charged to account 735, *Accumulated depreciation; Road and equipment property*.

(c) When road property (other than a minor item constituting repairs) classified as other than depreciable property is retired, the cost thereof shall be cleared from the property account and the service value shall be charged to account 61–13–99, *General—Other Expenses—Way and Structures—Other—Other*. When the retirement requires Board approval, the carrier shall clear the cost from the property account upon the effective date of the abandonment. Subactivities 11 and 12 also apply.

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

2–9 *Additions and retirements of other than units of property*. (a) When an item of road or equipment property, other than a complete unit, is added to the plant and the addition is not a replacement, the cost thereof shall be accounted for in the same manner as an addition of a complete unit of property, subject to the minimum rule applicable to road property (see Instruction 2–2). When an item of property other than a complete unit (minor item) is replaced, independent of the complete unit of which it is a part, the cost of replacement shall be treated as maintenance and charged to operating expenses. If the replacement constitutes an improvement then the cost of replacement should be accounted for as a rebuilding expenditure under Instruction 2–12.

(b) When second-hand property acquired is in such physical condition that it is necessary to rehabilitate the property to bring it up to the standard required by the carrier, the cost of such rehabilitation shall be included in the appropriate account for the property.

[42 FR 35017, July 7, 1977, as amended at 55 FR 42016, Oct. 17, 1990]

2–10 *Additions to and retirements of track*.

(a) When track or its components are added to the plant, the cost shall be included in the track primary account. When track components are replaced as part of a track replacement program, the replacement cost shall be accounted for as an addition to the track property account. The cost of track components which are retired with or without replacement shall be written out of the track property account at the time of retirement.

(b) When track is retired the service value (ledger value less net salvage) shall be charged to account 735, *Accumulated depreciation; Road and equipment property*.

(c) All repairs of tracks shall be accounted for as operating expenses.

(d) Track investment written out of the accounts shall be at original cost or estimated standard or average cost for that density category. Material to be reused shall be put in an investment pool at unrecovered cost and, when reused, included in the appropriate density category at the average cost of the investment pool.

[48 FR 7183, Feb. 18, 1983]

2–11 *Expenses in connection with additions and betterments*. The cost of removing old material from equipment and from buildings, bridges, wharves, tracks, and other fixed improvements, shall be charged to the appropriate operating expense accounts. Such charges shall include the cost of removing old foundations and filling old excavations, and restoring condition of grounds after addition and betterment work; and maintaining or protecting traffic during the progress of addition and betterment work, including the cost of constructing, maintaining, and removing temporary tracks required for maintaining traffic during the progress of the work.

[42 FR 35017, July 7, 1977. Redesignated at 48 FR 7183, Feb. 18, 1983]

2–12 *Units of property rebuilt or converted*—(a) *Rebuilding expenditures.* Carriers shall be governed by the following provisions when determining and accounting for depreciable road and equipment property rebuilding expenditures:

(1) Rebuilding expenditures are those cost actually incurred which substantially extend the service life or substantially increase the utility of depreciable road and equipment property. The rebuilding expenditures shall be material in nature relative to the current replacement cost of a similar new unit of road or equipment property. Expenses resulting from delayed maintenance and repairs shall not be considered in determining materiality.

(2) The phrase *extend the service life* means to extend the life of a property unit past its estimated service life.

(3) The term *increased utility* means that the road or equipment property has become more useful, more efficient, more durable, or has greater capacity.

(4) Rebuilt or converted road or equipment property shall be accounted for as an addition to the appropriate property accounts, with the old units accounted for as retired from service. The charge to the appropriate property accounts shall be composed of (i) the cost (estimated if necessary) less a fair allowance for depreciation, or salvage value, whichever is lower, of the parts reused, (ii) the cost of labor expended in rebuilding or in the conversion process, (iii) the cost of additional materials applied, and (iv) any other expenses incurred directly with the rebuilding or conversion. In no case shall the total amount charged to the property accounts for these units exceed the current replacement costs of similar new units that would be used for the same purpose. When a unit of road property or equipment is transferred from one class of service to another, with or without physical conversion, the unit shall be accounted for as retired from its original account and be recorded in a primary investment account appropriate to its new class of service.

(5) If it is necessary to repair the secondhand or reused parts remaining in a rebuilt unit, the repair cost may be added to the value assigned parts in determining the related cost to be capitalized. Associated dismantling costs shall be included in operating expenses.

(b) *Repair expenses.* Expenses pertaining to road and equipment property, which represent normal or delayed repairs and maintenance, shall be expensed in the year incurred.

(c) *File and Storage.* Carriers shall keep records of each rebuilding program readily available. These records shall be provided to representatives of the Board when requested. The retention period shall be as required by 49 CFR part 1220, Preservation of Records.

[44 FR 67426, Nov. 26, 1979. Redesignated at 48 FR 7183, Feb. 18, 1983, and amended at 52 FR 4321, Feb. 11, 1987]

2–13 *Changes in line of road and relocation of yard tracks.*

(a) When changes are made in a line of road for the purpose of reducing curves or grades, or to eliminate bridges, tunnels, tracks in the installation of a centralized traffic control system, or other physical features, the part of the line so changed shall be considered property retired and its ledger value credited to the property accounts. The new line of road, including land, grading, ballast, track elements, and other transportation facilities serving the road shall be considered an addition and the cost charged to the property accounts. The cost of track changes which do not involve change in the existing roadbed shall be charged to operating expenses, even though the tracks may be dismantled in the process, but the resulting track extensions or reductions shall be accounted for as additions or retirements as appropriate.

(b) The cost of shifting or rearranging tracks within a yard shall be charged to operating expenses, even though the tracks may be dismantled in the process, but resulting increases or decreases in grading, ballast, or track length shall be accounted for as additions or retirements, as appropriate. Where tracks in whole or in part within a yard are determined to be no longer permanently used, the ledger value of such tracks shall be eliminated from the property account. If yard tracks and facilities are constructed in another location to take

the place of tracks retired, such tracks and facilities shall be accounted for as additions and the cost thereof shall be included in the property account.

[48 FR 7183, Feb. 18, 1983]

2–14 *Track connections.* (a) When the accounting carrier bears the construction cost of a connecting track situated on the property of another carrier, but acquires the salvage rights to the track, the cost of the track construction shall be charged to account 731, *Road and equipment property.*

(b) When carriers (1) share the cost of constructing a connecting track of which a portion is situated on each carrier's right-of-way, and (2) own and obtain the salvage rights to the track segment located on their respective properties, the construction cost borne by each carrier shall be charged to account 731, *Road and equipment property.*

(c) The cost of constructing a track connection on the right-of-way of another carrier which acquires the ownership of and salvage rights to the track, shall be charged by the carrier bearing such cost to accounts 37–11–00, *Purchased service—Joint facility—Debit—Way and Structures—Running,* or 37–12–00, *Purchased services—Joint facility—Debit—Way and Structures—Switching.* The owner carrier shall charge the amount of the construction cost to account 731, *Road and equipment—property,* with contra credit to accounts 38–11–00, *Purchases services—Joint facility—Credit—Way and Structures—Running,* or 38–12–00, *Purchases services—Joint facility—Credit—Way and Structures—Switching.* Material amounts for such costs shall be referred to the Board for consideration and decision.

(d) The cost of constructing a side track under a deposit refund agreement shall be charged to account 731, *Road and equipment property.* The deposit shall be credited to account 782, *Other liabilities.* Deposit amounts refunded during the agreement period shall be charged to account 782, *Other liabilities.* Upon termination of the agreement, the amount of any unrefunded deposit shall be credited to the applicable primary property accounts on an equitable basis.

2–15 *Merger, consolidation, and purchase of a railway operating entity or system.* (a) When a railway or portion thereof constituting an operating unit or system is acquired by merger or consolidation in a pooling of interests or by purchase the cost of acquisition represented by cash, capital stock or other securities issued or assumed, liabilities assumed, and other consideration, shall be recorded in the accounts in the manner stated hereunder. Separate instructions are provided for a merger of subsidiaries.

(b) Pooling of interests:

(1) When the acquisition results from a merger or consolidation constituting a pooling of interests, in which all or substantially all of the equity interest in predecessor companies continue, as such, in a surviving company or a new company created for the purpose, the road and equipment, the other assets, and the liabilities of the predecessor companies, together with the balances in the accumulated amortization and depreciation accounts and the retained earnings accounts shall be recorded in the appropriate balance sheet accounts at the amounts shown in the accounts of predecessor companies, adjusted as may be necessary to conform with the accounting rules of the Board. Such adjustments shall be included in retained earnings or the other accounts that would have been appropriate had the adjustments been made in the books of account of the predecessor company.

(2) When the total par or the stated value of no par capital stock issued or outstanding pursuant to the pooling of interests is more than the aggregate amount of the capital stock of the separate companies before such pooling of interests, the excess shall be charged to account 795, *Other capital,* if unrestricted capital is available for such purpose; otherwise, the excess shall be charged to retained earnings.

(3) When the total par or stated value of no par capital stock issued or outstanding pursuant to the pooling of interests is less than aggregate amount of the capital stock of the separate companies before such pooling of interests, the difference for reduction in capital stock shall be credited to account 795, *Other capital.*

(c) Purchase:

(1) When the acquisition results from a purchase (except from subsidiaries

controlled through ownership of the majority share of voting stock) including mergers or consolidations other than pooling of interests, the amount includible in account 731, *Road and equipment property,* shall be the cost at the date of acquisition to the purchaser of the transportation property acquired. The cost assigned the property, as well as other assets acquired, shall be the amount of the cost consideration given. Where property and other assets are acquired for other than cash, including liabilities assumed and shares of stock issued, cost shall be determined by either the fair value of the consideration given or the fair value of the assets acquired, whichever is more clearly evident. In addition to any liabilities assumed, provision shall be made for such estimated liabilities as may be necessary.

(2) When the costs of individual units or classes of transportation property are not specified in the agreement, the cost assigned such property shall be apportioned among the appropriate primary accounts using the percentage relationship between the fair values for each class of property acquired and the total of such values.

(d) Merger of subsidiaries:

The acquisition and merger of property of subsidiaries controlled through ownership of the majority shares of voting stock is to be accounted for as a pooling of interests or as a purchase depending on the circumstances in each case. Where control was initially acquired through issuance of capital stock to stockholders of the subsidiary the rule applicable to pooling of interests ordinarily is applicable. Where control was initially acquired through purchase of stock the rule applicable to purchase of property may be appropriate even though the shares were purchased gradually from time to time over a period of years, in which event recognition of retained earnings since date of acquisition assignable to such shares may be proper. The journal entry pertaining to acquisition of property of subsidiaries shall be submitted to the Board for consideration based on the principles herein and procedures for which there is authoritative support, and the accounting for the merger shall become final only after approval by the Board.

2–16 *Reorganization of railway.* (a) When a railway reorganization or receivership has been consummated, the assets acquired, liabilities assumed, and the capital stock or other securities issued or assumed, and other consideration, shall be recorded in the accounts in the manner stated hereunder. An adjustment of capitalization resulting in modification and reformation of classes of securities pursuant to voluntary action of the holders of securities but not resulting in a formal reorganization following a bankruptcy or other receivership proceedings (sometimes called a quasi-reorganization) is not covered by this instruction 2–16. Reduction of capital stock and other contributions to capital by stockholders shall be recorded in accordance with the instructions in the text of account 795, *Other capital.*

(b) The amounts includable in primary road and equipment property accounts shall be recorded at cost as shown in the predecessor companies' accounts except as otherwise provided in paragraphs (c) and (d) of this instruction 2–16. The remaining assets and the liabilities of the predecessor companies, adjusted as necessary to conform with the accounting rules of the Board, together with the balances in the accumulated amortization and depreciation accounts, shall be recorded in the appropriate balance sheet accounts.

(c) When the amount recorded for assets acquired is more than the par or stated value of no par capital stock issued and other consideration paid, including liabilities assumed, the difference shall be applied to such extent as necessary and is available to provide first for any deficiency in past accrued depreciation on property classified as depreciable; and, second, for any estimated loss from retirement of a branch line, segment of track or other important facility indicated by supporting records to be imminent. The remaining amount of the difference, if any, shall be applied proportionately to reduce the amounts includable in the property accounts in accordance with paragraph (b) of this instruction 2–16, based on the percentage relationship between

such difference and the aggregate cost of the property shown in the predecessor companies' accounts.

(d) When the amount applicable to the assets acquired is less than the par or stated value of no par capital stock issued and other consideration paid, including liabilities assumed, the accounting shall be referred to the Board for consideration and decision.

2–17 *Construction projects in which governmental agencies, individuals, or others, and the carrier participate.* (a) The amount includible in the property account for construction projects in which the carrier and governmental agencies, individuals, or others participate shall be (1) the payment made by the carrier for its share of the cost of construction plus (2) the recorded cost (estimated if unknown) of property relinquished as a direct result of the arrangement and retired from service less the value of salvage recovered therefrom by the carrier and less depreciation accrued on depreciable property, which is part of the carrier's cost of the project. The amount so includable in the property account shall be distributed equitably among the primary accounts applicable to railway property constructed. This amount shall first be applied to railway facilities includable in accounts other than 4, *Other right-of-way expenditures,* or 39, *Public improvements—Construction,* then any remaining balance shall be included in account 4 or 39, as appropriate. In no case shall the amount included in the primary accounts for the railway facilities acquired exceed the actual cost of constructing such facilities. The property account shall not include any cost or value for facilities or land contributed or paid for by governmental agencies, individuals or others. Property acquired as a specific contribution to capital by stockholders does not come under this rule. (See text of account 795, *Other capital.*)

(b) Construction projects as used in this section means widening of highways, construction of spillways, drainage canals, farm and other private passes, pipelines, drains or other facilities across the right-of-way; construction of overhead highway bridges, and railroad bridges over public highways and across streams, which provide a railroad use in the operation of trains and a public use in the uninterrupted passage of highway and river traffic; installation of warning signals to protect highway traffic; and industrial side tracks. Also, reconstruction and relocation of tracks and appurtenant facilities such as occur in connection with carrying out flood control, reclamation, and other public improvement projects where it becomes necessary to abandon part of the line of railroad and relocate the tracks.

2–18 *Leased property improvements and retirements.* The cost to lessee of structures, facilities, additions and betterments on leased property and for retirement of property the cost of which is included in account 732 *Improvements on leased property,* shall be accounted for in conformity with the principles in the instructions for property owned. When lessor's property is retired and replaced and lessee is not obligated to reimburse the lessor for the retired property other than through the replacement, the lessee shall (1) charge the cost of the replacement to account 732, *Improvements on leased property,* (2) discontinue accruing depreciation for lessor's retired property, and (3) when recording final settlement with the lessor, consider jointly the amount accrued in account 772, *Accrued liability; Leased property,* for lessor's retired property and the respective amounts for the replacement included in accounts 732, *Improvements on leased property,* and 733, *Accumulated depreciation; Improvements on leased property.* When lessee is obligated to reimburse the lessor currently or at the termination of the lease for property retired other than through replacement, the lessee shall include the amount of the obligation in the appropriate liability account. The lessee shall furnish the lessor such information as is required to enable the lessor to perform necessary accounting. The accounting by the lessee and the lessor shall be consistent with contractual arrangements.

[47 FR 26635, June 21, 1982, as amended at 52 FR 4321, Feb. 11, 1987]

2–19 *List of units of property.* (a) This list of units is established for the purpose of designating the units of property to be used in accounting for additions to and retirements and replacements of property. Detailed information is included in instructions 2–7 and 2–8. Items listed under road property accounts are subject to the minimum rule applicable to additions to property. See instruction 2–2 pertaining to the minimum rule.

(b) This list of units will be revised from time to time as may be necessary to meet conditions. A carrier desiring to include in any account an appropriate unit not now specified therein may, upon approval of the Board, make such authorized addition to this list of units.

(c) Rules applicable to units of property rebuilt or converted and to changes in line of road or tracks which involve accounting for units or property retired are set forth in instructions 2–12 and 2–13.

[42 FR 35017, July 7, 1977, as amended at 48 FR 7183, Feb. 18, 1983]

Account 3, Grading

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

Account 5, Tunnels and Subways

The entire masonry, entire timber, and entire metal lining of a tunnel or subway, including portals and wing walls.

Drainage. Entire installation.
Lighting. Each entire installation.
Ventilation. Each entire installation.

Account 6, Bridges, Trestles, and Culverts

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

Account 7, Elevated Structures

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

Account 13, Fences, Snowsheds, and Signs

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

Account 16, Station and Office Buildings

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

Account 17, Roadway Buildings

Any applicable units listed under account 16, *Station and office buildings,* and 44, *shop machinery.*

Account 18, Water Stations

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

Account 19, Fuel Stations

A complete fuel supply system, including appurtenances.
A pump house.
A fuel oil storage tank (large).

Account 20, Shops and Enginehouses

A complete building, including attached platform.
A complete platform structually detached from a building.
A turntable.
A turntable pit.
A transfer table with machinery.
A transfer table pit.
A sand storage and handling and drying apparatus.
Outdoor bins. Each complete installation.
A lorry track system (outside).

A boiler washing plant. Each complete installation.
An overhead crane, outside.
Each outside pipe installation, steam, air, water, etc.
Each sewer installation, storm or sanitary.
Paving. Each complete installation.
Each shop fence or wall installation.
Any applicable unit under account 16, *Station and office buildings.*

Account 22, Storage Warehouses

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

Account 23, Wharves and Docks

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

Account 24, Coal and Ore Wharves

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

Account 25, TOFC/COFC Terminals

A complete building.
A complete building, including attached platform and ramp.
A complete platform and attached ramp, structurally detached from a building.
A portable ramp.
A complete fence.
Paving, each complete installation.
An overhead crane, complete.
Each sewer installation.
A truck or tractor used exclusively at TOFC/COFC terminals.
Each floodlighting pole or tower installation.
Each floodlighting installation.
A power distribution system, complete.
Any applicable units listed under all other accounts.

Account 26, Communication Systems

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

Account 27, Signals and Interlockers

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

Account 29, Power Plants

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

Account 31, Power Transmission Systems

A continuous mile, or a separate installation if less than a mile, of catenary complete including catenary hangers, trolley wire and appurtenances.
A continuous mile, or a separate installation if less than a mile, of transmission line, including poles, wires, transformers, switches, and other appurtenances.
Each outside steam, air, etc., pipe line installation.
A manhole.
Substation or switching station complete.
Each mile, or installation if less than a mile, of third rail.
A catenary bridge or support.

A high-tension transmission tower.
Any applicable units listed under accounts 26, *Communication systems*, and 27, *Signals and interlockers*.

Account 35, Miscellaneous Structures

A complete building, including attached platform.
A complete platform structurally detached from a building.
A conveyor system complete.
An elevator system complete.
A blowing system complete.
Any applicable units listed under other accounts.

Account 37, Roadway Machines

Each roadway machine complete including accessories.
Each on and/or off-track automotive vehicle complete, including appurtenant special-purpose machinery.

Account 39, Public Improvements—Construction

Any applicable units listed under other accounts.

Account 44, Shop Machinery

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

Account 45, Power Plant Machinery

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

Account 52, Locomotives

Diesel electric, lead or booster, i.e., ''A'' or ''B'' units.
Diesel electric. Extra or spare engines.
Electric locomotive.
Radio control locomotive.

Account 53, Freight-Train Cars

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

Account 54, Passenger-Train Cars

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

Account 55, Highway Revenue Equipment

A complete vehicle.
A chassis.
A container.
A bogie.

Account 56, Floating Equipment

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

Account 57, Work Equipment

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

Account 58, Miscellaneous Equipment

An airplane.
A complete vehicle.

Account 59, Computer Systems and Word Processing Equipment

A Mainframe
A Mini-computer
A Word processing system
A Printer
A Monitor
A Modem
A Storage device

[42 FR 35017, July 7, 1977, as amended at 52 FR 4325, Feb. 11, 1987]

2–20 *Accounting for leases.* (a) Leases shall be accounted for as capital leases whenever the lease meets one or more of the following four criteria:

(1) The lease transfers ownership of the property to the lessee by the end of the lease term,

(2) The lease contains a bargain purchase option,

(3) The lease term is equal to 75 percent or more of the estimated economic life of the property, and,

(4) The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the fair value of the leased property to the lessor at the inception of the lease less any related investment tax credit retained by the lessor.

(b) If the lease does not meet any of the four criteria, the lease shall be classified and accounted for as an operating lease.

(c) When accounting for capital leases the lessee shall record the asset

and the related obligation. The amount recorded as the asset and the obligation shall be the present value at the beginning of the lease term of the minimum lease payments during the lease term, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor. However, if that amount exceeds the fair value of the leased property, the amount recorded as the asset and the obligation shall be the fair value. The lessee shall compute the present value of the minimum lease payments using its incremental borrowing rate unless (1) it is practicable to learn the implicit rate computed by the lessor and (2) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

(d) Leased assets that meet the criteria for classification as a capital lease shall be subject to depreciation over their useful lives in the same manner as assets owned. If the capital lease meets the criteria of either Instruction 2–20(a)(1) or 2–20(a)(2), the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy for owned assets. If the lease does not meet either of these two criteria, the asset shall be amortized in a manner consistent with the lessee's normal depreciation policy except that the period of amortization shall be the lease term.

(e) The accounting accorded the lease shall be subject to the same considerations as other obligations in classifying them with current and noncurrent liabilities in the classified balance sheet. Leases that meet the criteria requiring capitalization shall be recorded in those accounts that provide for carrier operating property or property used in other than carrier operations, as appropriate. The accounts shall segregate the amounts pertaining to capital leases.

(f) If the lease qualifies as an operating lease it should be accounted for by charging the rent to expense over the lease term. The rental expense should be recognized on a straight line basis over the lease term unless another method is more representative of the use and the benefits derived.

(g) The criteria specified in paragraph (a) should be applied to all leases regardless of the relationship between the lessor and the lessee unless it is clear that the terms of the lease transaction have been significantly affected by their relationship. In this situation, the accounting should be modified to recognize economic substance rather than legal form.

(h) In the case of subsidiary companies or companies under common control whose principal business activity is leasing property or facilities to the carrier, the carrier is encouraged to request special authority to file consolidated or combined financial statements. If the carrier does not wish to file consolidated or combined financial statements, capitalization of the lease will be required if the lease meets the criteria that would require capitalization.

NOTE: The carrier shall follow generally accepted accounting principles where an interpretation of the rules for lease accounting is needed or obtain an interpretation from its public accountant or the Board.

[42 FR 56611, Oct. 27, 1977, as amended at 52 FR 4321, 4325, Feb. 11, 1987]

2–21 *Freight train car repair costing.* Class I railroads shall report the costs of repairing freight train cars by car types.

(a) The accounting for freight train car repair costs shall agree with the applicable instructions and texts of accounts in 49 CFR Part 1201 relating to the equipment repair process (see Note A).

(b) Railroads may assign either actual costs, standard costs, or a combination of both to the accounting process. Standard costs, if used, shall recognize the differences in performing repairs on various types of equipment, and the differences related to specific repair facilites. Standard costs shall be based on adequate operational data which are reviewed at least annually. The resulting variances (price, efficiency, capacity, etc.) shall be reasonably allocated back to the car types to derive the amounts reported in Form R–1.

(c) Railroads shall report repair costs by the freight train car types shown in

Schedule 415 of Form R–1. In assigning repair costs, railroads may use either one of the following methodologies:

Level I: Job Order Cost System

Railroads may use a job order cost system for assigning repair costs to the car types for freight train cars. Under this methodology, railroads shall directly match direct labor and materials with the specific unit of equipment that was repaired. Actual costs, standard costs, or a combination of both may be used as stated above.

Level II: Alternative Repair Costs Methodology

Railroads not using the job order cost system shall report freight train car repair costs by using the methodology described below:

(1) The repair costs relating to heavy, program, or project repairs of freight train cars shall be directly assigned to the car types repaired by using actual or standard costs. A heavy repair is defined as a repair that is relatively so material in cost, repair time, or physical damage that management's involvement in the determination of the repair to be made is necessary and relatively greater than usual. Program or project repairs are those repairs which are performed under a predetermined plan where estimates costs, time periods, and car types to be repaired are identified.

(2) The repair costs relating to light and running repairs of system cars shall be allocated to the car types by using the Association of American Railroads' Car Repair Billing System (CRBS) as the process for distributing light and running repairs. The CRBS will be the tracking system for recording the number of repairs, the car types and types of repairs. Then by applying the CRBS standard costs to the particular repairs, standard costs relationships by car type can be developed and used to distribute actual light and running repair cost pools to the car types.

(3) Railroads shall match repair costs billed by and paid to foreign roads with the car types that were repaired. Foreign billings for light and running repairs are usually conducted through CRBS, and therefore, the car types can be identified. For heavy off-line repairs, car type identification is possible because system management is generally involved with the authorization of such heavy repairs and car identification numbers are generally included in the billing process.

(4) Repair costs relating to foreign freight train cars shall also be reported by car types. However, a separate breakdown between foreign and system repair costs is not required for Board reporting purpose. Car type identification for light and running repairs to foreign cars can be obtained from CRBS tapes. The cost of heavy repairs to foreign cars should be accumulated by car types. The resulting expense credits from foreign railroads should be assigned to the car types to which they relate.

(5) Railroads shall match any resulting expense credits with the car types to which they relate. This can occur, for example, when a railroad is charged with the repair costs of system cars, but the responsibility of the repair ultimately rests with and is paid by a foreign road.

(d) Railroads shall submit to the Board any repair cost by car type methodology which does not agree with item (c) above. The Board shall review the methodology and determine if it is acceptable for reporting purposes.

(e) Railroads may submit justification and supporting documents requesting waiver from provisions required by this instruction. This provision is intended to provide relief for those smaller Class I railroads that might be unduly burdened by the cost of developing and maintaining the required system. Waivers shall be directed to the Board's Accounting and Valuation Board.

(f) Equipment repair cost records, including the allocation methods used, shall be maintained and made available to the Board upon request.

NOTE A: The following accounts and reference pertain to the freight train car repair process:

11–22–42
21–22–42
39–22–42
40–22–42
41–22–42
61–22–42

Instruction 2–12, *Units of property rebuilt or converted*.

[46 FR 52951, Dec. 4, 1981, as amended at 52 FR 4321, 4325, Feb. 11, 1987]

2–22 *Map specifications.*

(a) Class I Railroad companies shall maintain current maps of its property and shall promptly record any changes that may take place.

(b) Class I companies shall furnish, on request, copies of maps showing its property as it exists on such date or dates as may be fixed by the Board.

(c) Class I companies shall maintain planimetric maps that show right-of-way, track and other important facilities at a scale to show sufficient detail.

(d) Maps shall be indexed and titled to clearly indicate the specific area depicted.

(e) All maps shall be prepared in accordance with generally accepted mapping practices.

[47 FR 50267, Nov. 5, 1982; 48 FR 32833, July 19, 1983]

2–23 *Accounting for engineering costs.*

(a) The pay and expenses of engineers, assistants and clerks engaged in the survey and construction of new lines and extensions shall be included in the cost of the particular property involved. This accounting treatment also applies in making additions to and improvements of the carriers road, including wharves and docks.

List of Officers and Employees

Chief engineer.
Assistant engineers.
Bridge and signal engineer.
Architects and draftsmen.
Chief clerk and other clerks.
Transitmen and levelmen.
Rodmen and chainmen.
Cooks and porters on business cars.

ITEMS OF EXPENSE AND SUPPLIES

Atlases and maps.
Barometers.
Books for office use.
Business car service.
Cameras; compasses.
Camp equipage.
Chains for surveyors.
Drawing boards.
Drawing instruments.
Field glasses.
Furniture repairs and renewals.
Heating and lighting.
Magnets and magnifiers.
Official train service.
Paper, blue-print.
Periodicals and newspapers.
Photographic supplies.
Printing and stationery.
Provisions for business cars.
Rent and repairs of offices.
Rods for surveyors.
Sextants and slide rules.
Telegraph and telephone service.
Traveling expenses.
Triangles and tripods.

(b) When employees listed in (a) above are engaged in the repair and maintenance of the roadway, their pay and expenses shall be charged to the appropriate operating expense accounts.

(c) Expenditures for tentative or preliminary surveys shall be carried in account 743, *Other deferred debits,* until it is determined whether or not to continue the work. If the project is continued, expenditures for all surveys shall be transferred to the appropriate property account and, if abandoned, to appropriate income accounts.

(d) The cost of designing, making plans and specificaitons, and supervising the construction of equipment shall be included in the cost of the particular equipment.

(e) Fees and expenses of architects specially employed for designing or supervising the construction of buildings shall be included in the accounts appropriate for the cost of the buildings constructed.

[49 FR 2254, Jan. 19, 1984, as amended at 52 FR 4321, Feb. 11, 1987]

2–24 *Accounting for other general expenditures.*

Expenditures of a general nature that are attributable but not directly assignable to original construction or important expansion of road shall be equitably assigned to the cost of specific units or segments of property. These expenditures include the pay and expenses of executive and general officers and their assistants engaged exclusively with such construction, law expenses (other than organization expenses), stationery and printing, and taxes before property is used in transportation operations.

[49 FR 2255, Jan. 19, 1984, as amended at 52 FR 4321, Feb. 11, 1987]

INSTRUCTIONS FOR MAINTENANCE EXPENSES

3–1 *Items to be charged.* (a) The accounts provided for maintenance of

road property and of equipment are designed to show the cost of repairs and also the loss through depreciation of the property used in transportation operations, including expenses resulting from ordinary wear and tear of service, exposure to the elements, inadequacy, obsolesence, or other depreciation, or from accident, fire, flood, or other casualty.

(b) These accounts shall include the cost of labor, materials and supplies, work-train service, floating equipment work service, special machine service, contract work, privileges, protection from casualties, and other analogous items of expense in connection with the maintenance of the plant used in railway service. The cost of materials and supplies, which shall include small tools, shall include the cost at the point of free delivery plus freight charges of foreign lines, and the costs of inspection and loading assumed by the carrier; also a proportion of store expenses. Such costs shall not include expenses of transportation over the carrier's line. Royalties for patent rights on mechanical appliances used in repairs of equipment shall be included in the cost of the repairs. The cost of boarding, traveling, and other incidental expenses of employees shall be included in the accounts to which the pay of the employees is chargeable, except where otherwise specified in the text of the accounts. In calculating the cost of materials used proper allowance shall be made for the value of unused portions and of cuttings, turnings, borings, etc., and for the value of the material recovered from property repaired and from temporary tracks, scaffolding, cofferdams, and other temporary structures used in repair work.

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

(d) An employee's job classification shall not govern the accounting for work performed. Charges to a particular expense function shall be based on the nature of the work performed.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4325, Feb. 11, 1987]

INSTRUCTIONS FOR DEPRECIATION ACCOUNTS

4–1 *Method.* (a) There shall be charged monthly to operating expenses or other appropriate accounts and credited to account 735, *Accumulated depreciation; Road and equipment property,* during the service life of depreciable road and equipment property, includable in accounts classed as depreciable, amounts which will approximate the loss in service value not restored by current repairs or covered by insurance. The charges for accruing depreciation currently shall be computed in conformity with the group plan by applying to the cost of property such percentage rates as will distribute the service value by the straight-line method in equal annual charges to operating expenses or other accounts during the estimated life of the property. In the case of track accounts 8, 9 and

11, service value shall reflect net salvage value. For road property, the cost shall be original cost or estimated original cost, as used in the valuation records, adjusted to current date. If a carrier submits proof that the actual cost of depreciable property is substantially different from cost figures in the valuation records, the carrier may, with the approval of the Board, use such cost figures as the depreciation base.

(b) The term group plan means the plan under which depreciation charges are accrued upon the basis of the cost of depreciable property includable in accounts classed as depreciable using the service lives of the individual depreciable units in the accounts and properly weighing to determine the composite annual rate of depreciation.

(c) For the purpose of the group plan of depreciation accounting, the following primary accounts are classed as depreciable accounts:

Road accounts:
3. Grading.
4. Other right-of-way expenditures.
5. Tunnels and subways.
6. Bridges, trestles and culverts.
7. Elevated structures.
8. Ties.
9. Rails and other track material.
11. Ballast.
13. Fences, snowsheds, and signs.
16. Station and office buildings.
17. Roadway buildings.
18. Water stations.
19. Fuel stations.
20. Shops and enginehouses.
22. Storage warehouses.
23. Wharves and docks.
24. Coal and ore wharves.
25. TOFC/COFC terminals.
26. Communication systems.
27. Signals and interlockers.
29. Power plants.
31. Power transmission systems.
35. Miscellaneous structures.
37. Roadway machines.
39. Public improvements-construction.
44. Shop machinery.
45. Power plant machinery.

Equipment accounts:
52. Locomotives.
53. Freight-train cars.
54. Passenger-train cars.
55. Highway revenue equipment.
56. Floating equipment.
57. Work equipment.
58. Miscellaneous equipment.
59. Computer systems and word processing equipment.

(d) When abandonment of a branch line or other important segment of the track structure or other part of the plant for which depreciation charges are not includable in the accounts as foreseeable within a reasonable period of time due to exhaustion of traffic, obsolescence or other causes, application may be made to the Board for authority to record a suitable provision in anticipation of a probable loss.

[42 FR 35017, July 7, 1977, as amended at 48 FR 4183, Feb. 18, 1983; 52 FR 4325, Feb. 11, 1987]

4–2 *Rates of depreciation.* (a) A separate composite annual percentage rate for each depreciable property account, or a subgroup in that account, shall be used in computing annual depreciation expenses and accumulated depreciation. The composite rates shall be based on the results of a depreciation study performed by each railroad. A depreciation study shall, in general, contain the following components:

(i) Actuarial or semiactuarial methods for determining service lives for road and equipment properties;

(ii) Salvage value calculations for road and equipment properties;

(iii) Accumulated depreciation for each account or subaccount as appropriate;

(iv) Other factors and related calculations involving the depreciation process; and

(v) A commentary on any adjustments and judgmental factors used in the study.

(b) Railroads shall submit to the Board for review and approval a report on depreciation studies and proposed depreciation rates every three years for equipment property, and every six years for road property. Railroads can, however, submit depreciation studies prior to its scheduled year, in which case a new cycle will begin.

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

(d) Class II railroads are exempt from the three-year and six-year cyclical reviews, but shall submit depreciation studies when requested by the Board.

Class III railroads are not required to submit depreciation studies.

(e) A separate track depreciation rate shall apply to each primary property account in each track density category as provided in Instruction 4–3(d). Track depreciation rates shall be developed by estimating the average life based on an acceptable depreciation methodology, consistently applied, including as an option the units of production method based on gross ton-miles per mile of track.

[42 FR 35017, July 7, 1977, as amended at 46 FR 20210, Apr. 3, 1981; 48 FR 7184, Feb. 18, 1983; 52 FR 4321, Feb. 11, 1987]

4–3 *Depreciation records to be kept.* (a) The carrier shall maintain for each class of property in convenient and accessible form engineering and other data bearing on prospective service lives.

(b) The carrier also shall keep such records of depreciable property and property retirements as will reflect the service life of each class of property which has been retired, or will permit the determination of service life indications by past experience of useful life tenure of comparable property, turnover, or other appropriate methods; also such records as will reflect the percentage of value of the salvage for property retired from each class of depreciable property.

(c) For purposes of analysis the carrier shall maintain subsidiary records in which the accumulated depreciation account is broken down into component parts corresponding to each primary account to show the current credits and debits and the balance for each account. Such detailed information shall be reported annually to this Board. For balance sheet purposes, the accumulated depreciation account shall be treated as a single composite account for depreciable property.

(d) Carriers shall be prepared to justify all track depreciation rates by keeping appropriate data on the service lives and salvage values of track components which went into the life and net salvage computation of each primary account in each density category.

(e) The investment and related accumulated depreciation for accounts 3, 4, 5, 8, 9, 11 and 39 must be maintained by distinct traffic density categories. Each line segment shall be identified on January 1 of each year as belonging to one of the following traffic density classes, based on the average traffic density in the preceding three years:

DENSITY

Class	*Description*
I	Lines carrying at least 20 million gross ton-miles per mile on an annual basis and not designated as belonging to Density Class III.
II	Lines carrying less than 20 million gross ton-miles per mile on an annual basis and not designated as belonging to Density Class III.
III	Lines identified as potentially subject to abandonment pursuant to Section 10904 of the Interstate Commerce Act.
IV	Yard and way switching tracks.
V	Electronic yards.

NOTE A: For purposes of designating line segments as belonging to one of the density classes, the carrier shall consider all traffic carried over the segment whether in the carrier's trains or in the trains of other carriers (estimated if not known).

NOTE B: When a carrier operates systems of parallel tracks on a single roadbed, the density associated with the related segment of a rail route shall be the aggregate gross ton-miles on all individual tracks.

[42 FR 35017, July 7, 1977, as amended at 46 FR 20210, Apr. 3, 1981; 48 FR 7183, Feb. 18, 1983; 52 FR 4321, Feb. 11, 1987]

4–4 *Leased property—depreciation.* (a) The carrier shall include in operating expenses charges for depreciation on road property and equipment used but not owned, the rent for which is includable in the lease rental accounts, and shall maintain the same records of service lives, salvage values, etc., as provided for owned road property and equipment. The excess of the total compensation paid over the amount chargeable for depreciation shall be included in the rent account. If settlement between the carrier and the lessor is not currently made, the amount of the depreciation accrued during the period of the lease shall be credited by the carrier to account 772. *Accrued liability; Leased property.* The necessary adjustments of the difference between the balance thus accrued in that account and the actual amount of settlement shall be made appropriately through accounts 519, *Miscellaneous income,* or 551, *Miscellaneous income*

charges, at the time settlement for depreciation on the property is made with the lessor.

(b) The carrier shall not include in the depreciation account in operating expenses any charges for depreciation of equipment used but not owned when the rents therefor are not included in the lease rental accounts but shall include such charges in the appropriate other rent expense accounts.

4–5 *Jointly used property—depreciation.* The owning carrier shall include in the depreciation accounts in operating expenses the charges for depreciation on units of depreciable property jointly used with one or more other carriers. The owning carrier shall credit and each using carrier shall charge the appropriate joint facility accounts in operating expenses with the amounts billed by the owning carrier against each using carrier for its proportion of the service loss on property retired from service whether billed currently as depreciation or when retirements occur as the loss in service value. The using carriers shall be required to account for depreciation or retirement of units of road property jointly used but not owned to the extent of their contract liability. The same principle shall apply to terminal companies and their nonowner tenants in accounting for depreciation accruals or retirement charges recorded in the accounts of the terminal companies.

INSTRUCTIONS FOR INCOME AND BALANCE SHEET ACCOUNTS

5–1 *Current assets.* (a) In the group of accounts designated as current assets shall be included cash, those assets which are readily convertible into cash or are held for current use in operations, current claims against others and amounts accruing to the carrier which are subject to settlement in the ordinary course of business within one year. There shall not be included in this group of accounts any amount the collection of which is not reasonably assured within one year because of the known financial conditions of the debtor or otherwise. Such items shall be included in account 741, *Other assets,* at an amount not in excess of a reasonable estimate of realizable value. Items of current character but of doubtful value shall be written down or written off by charge to account 63–61–00, *General—Uncollectible accounts—General and administrative,* or account 553, *Uncollectible accounts,* as appropriate. Adjustment of these items of doubtful value shall be made by direct reduction of the asset account in which such items are carried or by provision in account 709.5, *Allowance for uncollectible accounts,* for the estimated uncollectible amount.

(b) The carrier shall transfer the estimated realizable value of obsolete material to account 741, *Other assets,* equitably distribute the loss due to obsolescence among the accounts ordinarily chargeable for such classes of material, and concurrently credit account 712, *Material and Supplies.*

5–2 *Recorded value of securities owned.* (a)(1) The investment in securities other than those issued or assumed by the accounting company shall be recorded in these accounts at cost, but excluding amounts paid for accrued interest and accrued dividends.

(2) Accounts 702, *Temporary Cash Investments,* 721, *Investments in Affiliated Companies,* and 722, *Other Investments,* shall be maintained in such a manner as to reflect the marketable equity securities' portion (see definition 26) and other securities or investments.

(3) For the purpose of determining net ledger value, the marketable equity securities in account 702 shall be considered the current portfolio and the marketable equity securities in accounts 721 and 722 (combined) shall be considered the noncurrent portfolio. The net ledger value of each portfolio shall be the lower of its aggregate cost or market value. (See definition 26.) The amount by which aggregate cost exceeds market value shall be accounted for as the valuation allowance. Account 702, *Temporary Cash Investments,* shall be subdivided to include the valuation allowance for the marketable equity securities included therein. Account 724, *Allowance for Net Unrealized Loss on Noncurrent Marketable Equity Securities—Cr.,* is the valuation allowance for the marketable equity securities recorded in account 721, *Investments in Affiliated Companies,* and

722, *Other Investments.* Marketable equity securities accounted for by the equity method shall not be combined with other marketable equity securities when determining aggregate cost and market value.

(4) Realized gains and losses (the difference between net proceeds from sale and cost) shall be included in the determination of net income of the period in which they occur. Changes in the valuation allowance for marketable equity securities included in account 702 shall be charged to account 551, *Miscellaneous Income Charges,* or credited to account 519, *Miscellaneous Income,* as appropriate, with a contra entry to the valuation allowance contained within account 702. Changes in the valuation allowance for marketable equity securities included in accounts 721 and 722 shall be recorded in equity account 798.1, *Net Unrealized Loss on Noncurrent Marketable Equity Securities,* with a contra entry to valuation account 724.

(5) If there is a change in the classification of a marketable equity security between current and noncurrent, the security shall be transferred at the lower of its cost or market value at date of transfer. If market value is less than cost, the market value shall become the new cost basis, and the difference shall be accounted for as if it were a realized loss and included in the determination of net income.

(6) The accounting company shall write down the ledger value of any securities to the extent of impairment in their value or write off entirely if there is no reasonable prospect of realizing any value therefrom. For long term investments in marketable equity securities, when the decline in market value below cost is judged to be other than temporary, the cost basis of the individual security shall be writen down to a new cost basis. The amount of the write-down shall be accounted for as realized loss by a charge to account 551, *Other Income Charges,* and a credit to account 723, *Reserve for Adjustment of Investment in Securities.* The new cost basis shall not be changed for subsequent recoveries in value.

(b)(1) For financial statement purposes the carrier shall follow the principles of equity accounting for (1) all investments in corporate joint ventures (see definition 21(c)), and (2) all investments in voting stock of affiliated companies giving the carrier the ability to significantly influence the operating and financial policies of an investee (see definition 21(b)). For purposes of this instruction an investment of 20 percent or more of the outstanding voting stock of an investee will indicate the ability to exercise significant influence over an investee in the absence of evidence to the contrary.

(2) Since the equity method is not to be effected by entries in the books of accounts but is to apply only in financial reports to the Board, the carrier shall establish worksheet or memorandum accounts. Three basic worksheet or memorandum accounts are needed:

(i) An investment account to include (1) equity in the undistributed earnings or losses of the investee since the date of acquisition (see definition 21(g)); (2) accumulated amortization of the difference between cost and net assets at date of acquisition (see (b)(3) below); and other adjustments for disposition or writedown of investments.

(ii) An income account to include (1) the investor's share of the investee's undistributed profits or losses for each reporting period subsequent to acquisition of the investment except that in the year of acquisition such amount shall be determined from the date of acquisition; (2) amortization for the reporting period of the difference between cost and net assets at date of acquisition. This account shall be closed at year-end to the retained earnings memorandum account discussed in paragraph (iii) below.

(iii) A retained earnings account to include (1) equity in the undistributed earnings or losses of the investee since the date of acquisition; (2) accumulated amortization of the difference between cost and net assets acquired at date of acquisition (see (b)(3) below).

(iv) Other memorandum accounts will be needed for such adjustments as gains and losses on disposition of investments, recognition of impairments in value, the investor's share of extraordinary and prior period adjustments reported in the investee's financial statements (see instruction 1–2(d)), and provision for deferred taxes where

it is reasonable to assume that undistributed earnings of an investee will be transferred to the investor in a taxable distribution. These memorandum accounts shall be closed at year-end to the retained earnings memorandum account discussed in paragraph (iii) above.

(3) The carrier shall retain the following information for each investee in support of the worksheet or memorandum accounts:

(i) Original cost of investment.

(ii) Equity in net assets of investee at date of acquisition.

(iii) Allocation of difference between cost and equity in net assets, namely, to specific assets of investee or to goodwill.

(iv) Accumulated amortization of difference between cost and equity in net assets.

(v) Unamortized balance of difference between cost and equity in net assets.

(vi) Equity in undistributed earnings/losses for each year since date of acquisition.

(vii) Dividends received since date of acquisition if determinable.

(viii) Proceeds from sale of investments.

(4) Any difference between the investor's cost and its share of the net assets of the investee at date of acquisition shall be allocated to specific assets of the investee to the extent the difference is attributable to them. When the difference is allocated to depreciable or amortizable assets, depreciation and amortization (through the investment and income memorandum accounts) should absorb the difference over the remaining life of the related assets. If the difference is not related to specific accounts, it should be considered goodwill and amortized over a reasonable period not to exceed 40 years. For investments made prior to November 1, 1970, amortization of goodwill is not required in the absence of evidence that the goodwill has a limited term of existence.

(5) The financial statements of the investee that are used for equity accounting should be timely. If the accounting year of the investee differs from that of the investor then the most recent available financial statements may be used. The lag in reporting should be consistent from period to period.

(6) Material profits or losses on transactions between the investor and investee shall be eliminated until realized by either company as if the two were consolidated.

(7) A transaction of the investee of a capital nature that affects the investor's share of the investee's stockholder's equity should be reported in the financial statements as if the two were consolidated.

(8) The investor shall deduct any dividends applicable to outstanding cumulative preferred stock whether or not declared, and any other dividends declared when computing its share of undistributed earnings or losses.

(9) The investor shall suspend application of the equity method when the investment (including the investment memorandum account) together with any net advances made to the investee is reduced to zero. Additional losses shall not be provided for unless the investor has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee. If the investee subsequently reports net income the investor shall resume applying the equity method at such time as its share of that net income equals the share of net losses not recognized during the period of suspension.

(10) When the investor's voting stock interest falls below the level of ownership described in paragraph (b)(1) of this instruction, the investment no longer qualifies for the equity method. Should dividends received on the investment in subsequent periods exceed the investor's share of earnings for such periods, the investment memorandum and income memorandum accounts shall be reduced by the excess amount.

(11) When the level of ownership of an investment increases to that described in paragraph (b)(1) of this instruction, the equity method shall be applied. The memorandum accounts for the investment, income (for current year's equity in undistributed earnings less amoritzation), and retained earnings (for prior years' equity in undistributed earnings less amortization) shall be adjusted retroactively on a step-by-

step basis determining the equity in net assets at date of acquisition, amortization adjustment, and equity in undistributed earnings or losses at each level of ownership. Where small purchases are made over a period of time and then a purhase is made which qualifies the investment for the equity method, the date of latest purchase may be used as date of acquisition.

(12) Information having significance with respect to the investor's ownership in investees shall be disclosed in notes to financial statements of annual reports filed with the Board in accordance with generally accepted accounting principles.

(c) When securities with a fixed maturity date are purchased at a discount (i.e., when total cost including brokerage fees, taxes, commissions, etc., is less than par), such discounts may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which interest income is credited. No debits shall be made in respect to discounts upon securities held as investments or in special funds if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity. When securities with a fixed maturity date are purchased at a premium (i.e., when the total cost including brokerage fees, taxes, commissions, etc., is in excess of par), such premium may be amortized over the remaining life of the securities through periodic credits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and debits to the same accounts in which the interest income is recorded.

NOTE: The carrier shall follow generally accepted accounting principles where an interpretation of the rules for equity accounting is needed or obtain an interpretation from its public accountant or the Board.

5–3 *Discounts, expenses, and premiums on debt.* (a) Ledger accounts shall be provided to cover the discounts, expenses, and premiums on the sale or resale of each subclass of funded debt and of receivers' and trustees' securities issued for the benefit of or assumed by the company. (For explanation of *subclass* see account 765, *Funded debt unmatured.*) The net debit balances remaining in the ledger accounts for discount and premium shall be included in account 770.1, *Unamortized debt discount,* and the net credit balances in account 770.2, *Unamortized premium on debt.* Debt expense shall be included in account 743, *Other deferred debits.*

(b) Each fiscal period there shall be charged to account 548, *Amortization of discount on funded debt,* a proportion on a consistent basis of each of the debit balances in the discount and premium accounts and correspondingly there shall be credited to income account 517, *Release of premiums on funding debt,* a similar proportion of each of the credit balances in these accounts. Related debt expense shall also be charged to account 548 on a proportional and consistent basis. The amounts for the respective debit balances for discount and expenses applicable to a particular issue of obligations may be charged directly to account 548 at time of issue when the aggregate of such amounts does not appreciably affect the accounts. The method of apportioning debt discount, issue costs, and premium to accounts 517 and 548 shall be the *interest method,* where the effective interest rate on the date of issuance is applied to the carrying value (debt, less related discount, and issue cost, plus related premium of each specific issue to the beginning of any given period.) However, other methods of amortization may be used if the results obtained are not materially different from those which would result from the interest method.

(c) When any funded debt which has been actually issued to bona fide holders for value is reacquired by the accounting company, that proportion of the balance remaining in accounts containing discount, expense and premium on funded debt for the subclass of the security reacquired applicable to the portion reacquired shall be credited or charged thereto, as appropriate, and concurrently charged or credited to account 519, *Miscellaneous income,* account 551, *Miscellaneous income charges*; or to account 570, *Extraordinary items,* as appropriate, in accordance with the text of these accounts. Such proportion

shall be based upon the ratio of the par value of the security reacquired to the par value of all the securities of the subclass actually outstanding immediately before such reacquirement. Gains and losses from extinguishment of debt (excluding debt maturing serially) which is acquired to satisfy sinking fund requirements, shall not be recorded as extraordinary items regardless of amount, but shall be included in accounts 519 and 551, as appropriate. Such gains and losses shall be separately disclosed in reports to this Board.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4325, Feb. 11, 1987]

5–4 *Discount, premium, and assessment on capital stock.* (a) Separate ledger accounts shall be provided for each subclass of capital stock issued or assumed by the accounting company to cover discount suffered and premium realized at the time of sale of capital stock. General levies or assessments against stockholders shall be credited to the appropriate ledger accounts for the subclass of capital stock against which the levy or assessment is made.

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

(c) Discount on each subclass of capital stock may be offset or reduced by charges to account 794, *Premiums and assessments on capital stock,* to the extent that net gains from premiums or assessments have been included therein or to account 795, *Other capital,* to the extent that net gains from reacquisition and resale or retirement of capital stock applicable to such subclass have been included therein. Any remaining discount may be amortized by charge to account 616. *Other debits to retained earnings,* or may be retained and carried in account 793, *Discount on capital stock,* until the stock to which the discount applies is retired.

(d) In case the accounting company is permitted and elects with the approval of the Board, to distribute all or any part of the net balance of other paid-in capital to its stockholders, the amount thus distributed shall be charged to account 795, *Other capital.*

(e) When capital stock is reacquired, either by purchase or donation, and is retired or cancelled, account 791, *Capital stock,* shall be charged with the par value, stated value of no par stock, or if no par stock without stated value, the proportionate amount at which the particular class of stock is included in account 791. Any excess of reacquisition cost over the recorded value of the stock shall be charged to account 795, *Other capital,* to the extent of the accumulated net gains included in this account applicable to reacquisition and resale or retirement of such subclass. Any remaining excess reacquisition cost shall be charged to account 616, *Other debits to retained earnings.* Any excess of recorded value over reaquisition cost shall be credited to account 795, *Other capital.*

(f) When capital stock is reacquired, either by purchase or donation, and is not retired or cancelled, nor properly includable in sinking or other funds, the reacquisition cost shall be charged to account 798.5, *Treasury stock.*

(g) When treasury stock is resold, account 798.5, *Treasury stock,* shall be credited with the cost paid for it. Gains shall be credited to account 795, 'Other capital. Losses shall be charged to account 795, *Other capital,* to the extent that previous net gains from sales or retirements of the same class of stock are included therein; otherwise, to account 616, *Other debits to retained earnings.*

5–5 *Joint liabilities.* The accounting company shall state as a liability in its balance sheet the difference between the total par value of securities jointly or severally issued by it and others and the portion of such liability which, under the joint arrangement, it is expected will be liquidated by the other party or parties to the joint arrangement. The amount of the jointly or severally issued securities expected to be liquidated by the other party or parties shall be shown as a contingent liability in accordance with instruction 5–6 pertaining to contingent assets and liabilities.

5–6 *Contingencies.* (a) The proper accounting treatment for contingencies depends upon whether the contingency

is: *Probable:* the event or events are likely to occur; *Reasonably possible:* the chance of occurrence of the future event or events is more than remote, but less than likely; or *Remote:* the chance of occurrence of the future event or events is slight.

(b) Loss contingencies must be accrued when they are probable and the amount of loss can be reasonably estimated. Where they are only reasonably possible, only footnote disclosure is required. Where they are remote, footnote disclosure is not required, but is permitted.

(c) Gain contingencies usually are not reflected in the accounts since to do so might be to recognize revenue prior to its realization. Adequate disclosure shall be made of contingencies that might result in gain, but care shall be exercised to avoid misleading implications as to the likelihood of realization.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4326, Feb. 11, 1987]

5–7 *Long-term obligations.* Commitments under unconditional purchase obligations associated with suppliers' financing arrangements and future payments on long-term borrowings and redeemable stock shall be disclosed in accordance with generally accepted accounting principles. Such disclosures shall not preclude accounting recognition if the substance of a financing arrangement is the acquisition of an asset or incurrence of a liability.

[47 FR 4266, Jan. 29, 1982, as amended at 52 FR 4321, Feb. 11, 1987]

INSTRUCTIONS FOR CLEARING ACCOUNTS

6–1 *Items to be charged.* In recognition of the fact that certain expenditures incident to the construction and the operation of property are not chargeable directly to any particular property investment or expense account, clearing accounts have been provided for the purpose of securing an equitable distribution of such items to the proper primary accounts.

6–2 *Material and stationery store expenses.* (a) To clearing accounts called *Material store expenses* and *Stationery store expenses* shall be charged expenses in connection with purchasing, handling and storing material and stationery in and distributing it from the company's storehouses. Including the pay of officers and employees in the purchasing and store departments and their traveling, office, and other expenses; also expenses, including wages, fuel, and supplies, of operating switching locomotives when exclusively assigned to the service of switching at material storehouses. (Expenses of incidental switching at material yards by locomotives in regular switching service shall be charged to the appropriate transportation accounts.) The pay and expenses of men employed in purchasing or inspecting a single class of material, such as ties, shall be added as store expenses to the cost of that particular material.

(b) The total amount of storehouse expenses charged to these accounts shall be distributed among the accounts to which material and stationery has been charged, in proportion to the amounts charged to each account for the items issued, except that the amount representing the purchasing department expenses shall be apportioned on the value of the items issued which were purchased by that department. To avoid monthly fluctuations in the ratio of store expenses to the value of material and statonery purchased or issued, carriers may make a monthly apportionment on the basis of fair percentage rates, provided the store expense accounts are adjusted and closed out at the end of each year.

6–3 *Shop expenses.* (a) To a clearing account entitled *Shop expenses* shall be charged items of expense at shops, enginehouses, repair tracks, and other places where mechanical work is performed, not assignable directly to specific accounts. Such expenses shall be apportioned among the various accounts affected. The basis of distribution shall be the relative proportion which the total amount of charges to *Shop expenses* bears to the total of the directly distributed labor. To avoid monthly fluctuations in the ratio of shop expenses to the total of distributed labor, carriers are permitted to make the monthly apportionment on the basis of a percentage of the distributed labor, provided the shop expense

account is adjusted and closed out at the end of the year.

(b) The expenses assignable to this account shall include the pay of foremen (who exercise supervision over all departments), their clerks, and other employees engaged in general work in and about shops, cost of heat, light and power; cost of small tools and supplies and water and power purchased; also cost of removal of snow and ice from transfer tables and shop yards, and other incidental shop expenses. To this account shall be charged expenses, including wages, fuel and supplies, of operating switching locomotives when exclusively assigned to switching service at shops (the expenses of incidental switching at shops by locomotives in transportation switching service shall be charged to appropriate transportation accounts).

6–4 *Gravel and sand pits and quarries.* (a) When a gravel or sand pit or quarry is opened for operations likely to extend over a long period, an account shall be set up designated, *Operations of gravel pit at* ————————, or *Operations of quarry at* ————, as the case may be. To this account shall be charged cost of the land in excess of its estimated value after the gravel, sand, or stone has been removed (credit to the property account in which the cost of the land is included); payments for right to enter upon and remove ballast from land not owned by the carrier; cost of sinking test holes; and costs preparatory to opening the pit or quarry. To this account shall be charged also the cost, in excess of the estimated salvage value, of rails and fastenings, ties, other material and labor used in constructing tracks to and in the gravel pit or quarry (the estimated salvage being carried in an appropriate suspense account); cost of labor and train service employed in producing, quarrying, and loading ballast, including the cost of operation, repairs, and depreciation of power shovels and other machines and machinery; pay and expenses of watchmen; cost of explosives and hand tools, and miscellaneous expenses; and cost of installing, operating and maintaining signals and interlockers at gravel pits.

(b) Credit to the clearing account shall be made each month to cover the cost of ballast material produced during the month. The cost of production shall include the expenses directly assignable to the monthly output plus a proportion of the expenses not directly assignable, such as cost of land, tracks, machinery, and interlockers. This latter amount shall be computed upon the basis of the ratio which the monthly output bears to the total estimated yardage to be taken from the pit. When any portion of the product of such pits or quarries is sold, the cost thereof shall be credited to this clearing account and any related profit shall be credited to account 110, *Incidental.*

6–5 *Power plant operations.* (a) The accounting for the expenses of maintaining and operating an electric, steam, or other power plant (both building and machinery) shall be determined by the purpose for which the power produced is used. When a power plant is intended and used for producing power solely for the carrier's own operations and the cost of operating the plant is chargeable to clearing account *Shop expenses,* or to any one specific account for operating expenses, the expenses of maintenance shall be charged to the appropriate maintenance accounts, and the cost of operation to the account appropriate according to the use of the power.

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

(c) When a part of the power produced by a power plant is sold and the remainder is used in the carrier's own operations, the cost of maintaining and operating the plant shall be charged to a clearing account. The expense of maintenance shall be cleared from that account to the appropriate maintenance accounts. The proportion of the expenses of operation assignable to the power sold, on the basis of ratio of

quantity of power sold to total quantity of power produced, shall be credited to this clearing account and any related profit shall be credited to account 110, *Incidental.* The remainder of the cost of operation shall be distributed to the appropriate expense accounts for the carrier's own operations.

(d) When power plants are intended and used solely for furnishing power to others, their investment cost shall be included in account 737, *Property used in other than carrier operations,* and the revenues and operating expenses shall be included in the accounts provided for operations of such property.

(e) The accounting for the maintenance of transmission systems and distribution systems shall be in accordance with instructions pertaining to power plant operations.

PROPERTY ACCOUNTS

Road

0 Road.

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

2 Land for transportation purposes.

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

The carrier's records shall be kept in such manner as to show separately the cost of land purchased. Proceeds from the sale of timber or of improvements purchased with right-of-way, less any cost of removal, shall be credited to this account.

ITEMS OF EXPENSE

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

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

NOTE B: Amounts paid for options to purchase land for use in transportation operations shall be charged to account 743, ''Other deferred debits.'' If the carrier subsequently purchases the land, the amount of the option payment shall be transferred to this account. If the carrier does not acquire the land and forfeits the option paid, the amount shall be charged to account 551, ''Miscellaneous income charges.''

3 Grading.

(a) This account shall include the cost of clearing and grading the roadway, and of constructing protection for the roadway, tracks, embankments and cuts.

(b) When a part of a bridge or trestle, or the entire structure, is converted by filling into an earth embankment, and

the bridge or trestle is used in lieu of a temporary trestle which would otherwise be required for the filling, the estimated cost of such temporary trestle shall be included in the cost of the filling, and charged to this account. (See note A, under account 6, ''Bridges, trestles, and culverts.'')

(c) When a tunnel is converted into an open cut, the cost of clearing, grubbing, and excavating shall be included in this account. (Also see instruction 2–11.)

DETAILS OF ROADBED AND ITEMS OF EXPENSE

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

[42 FR 35017, July 7, 1977, as amended at 49 FR 2255, Jan. 19, 1984]

4 Other right-of-way expenditures.

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

5 Tunnels and subways.

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

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

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

NOTE C: When a tunnel is converted into an open cut, the ledger value of the tunnel shall be credited to this account. The service value of the tunnel shall be charged to account 735, ''Accumulated depreciation; Road and equipment property.''

[42 FR 35017, July 7, 1977, as amended at 48 FR 7183, Feb. 18, 1983]

6 Bridges, trestles, and culverts.

This account shall include the cost of the substructure and superstructure of bridges, trestles, and culverts which carry the tracks of the carrier over water-courses, ravines, public and private highways, and other railways.

DETAILS OF BRIDGE STRUCTURES

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

NOTE A: When a part or the entire structure of a bridge or trestle is converted, by filling, into an earth embankment, the ledger value of the structure, or of the portion thereof filled, shall be credited to this account. In case the bridge or trestle is used in lieu of a temporary trestle for the purpose of filling, the estimated cost of such temporary

trestle shall be charged to account 3, ''Grading.'' The ledger value of the structure or portion thereof, filled, less the value of the salvage and the estimated cost of trestle charged to account 3 shall be charged to account 735, ''Accumulated depreciation; Road and equipment property.''

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

7 Elevated structures.

This account shall include the cost of elevated structures and foundations of elevated railway systems. This account is applicable to structures other than earthwork, which are for the purpose of elevating tracks above the grade of streets, and which are not properly classifiable as bridges or trestles.

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

8 Ties.

(a) This account shall include the cost of cross, switch, bridge and other track ties used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shop, fuel station, supply yard areas, etc.), and the cost of additional ties subsequently laid in such tracks. This account should also include the cost of labor for unloading, distributing and placing ties in tracks.

(b) The cost of handling ties in general supply and storage yards shall be included as store expenses.

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

NOTE: Respacing crossties is to be considered maintenance and expense.

[48 FR 7183, Feb. 18, 1983]

9 Rails and other track material.

(a) This account shall include the cost of rails and other track material used in the construction of tracks for the movement or storage of locomotives and cars (including tracks in shop, fuel station, supply yard areas, etc.); the cost of welding two or more lengths or rail into continuous lengths for use in construction of tracks; and the cost of labor associated with unloading and installation of the rail and other track material.

(b) The cost of handling rails and *other track material* in general supply and storage yards shall be included as store expenses.

ITEMS OF OTHER TRACK MATERIAL

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

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

NOTE B: The following activities are considered as maintenance and should be expensed accordingly.

- Rail flaw detection
- Track inspection
- Shifting of existing track

- Removing weeds in track
- Transposing rail
- Restoring chipped and battered rail ends by welding and/or by rail grinding train or other such equipment.
- Gauging track
- Loading scrap track materials
- Lubricating rail
- Tightening bolts
- Resetting spikes and rail anchors in existing track
- Any other maintenance work not involving the placement of track material

[48 FR 7183, Feb. 18, 1983, as amended at 49 FR 2255, Jan 19, 1984; 52 FR 4326, Feb. 11, 1987]

11 Ballast.

(a) This account shall include the cost of gravel, stone, slag, cinders, sand, and like material used in ballasting tracks (including tracks in shop, fuel station, and supply yard areas, etc.) including cost of worktrain service and the cost of labor expended in placing ballast in tracks.

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

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

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

NOTE D: Surfacing (surface correction of existing ballast) is to be considered maintenance and expensed.

[48 FR 7183, Feb. 18, 1983, as amended at 49 FR 2255, Jan. 19, 1984]

13 Fences, snowsheds, and signs.

This account shall include:

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

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

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

SIGN ITEMS

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

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

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

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

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

16 Station and office buildings.

This account shall include the cost of station and general office structures, their fixtures, appurtenances, and furniture necessary to equip the buildings ready for use.

STATION AND OFFICE STRUCTURES AND DETAILS

Breakwaters for protection of buildings.
Buildings and rooms for trainmen.
Buildings on piers.
Coal transferring machinery (not on coal and ore wharves).
Coal trestles (not at fuel stations).
Drainage and sewerage systems.
Elevators and machinery.
Fences.
Freight cranes and derricks.
Freight handling machinery.
Gas-supply systems.
General office buildings.
Grain elevators and warehouses.
Heating plants.
Hoisting engines, for handling freight.
Lighting plants.
Ore-transferring machinery.
Pavement within ground limits.
Platforms, passengers, including planking between tracks.
Power distribution systems, interior.

Sidewalks.
Station footbridges (not highway crossings).
Station intertrack fences.
Telegraph offices.
Track scales.
Water-supply systems.
Yard offices.

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

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

[42 FR 35017, July 7, 1977, as amended at 52 FR 4326, Feb. 11, 1987]

17 Roadway buildings.

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

LIST OF ROADWAY BUILDINGS

Breakwaters for protection of buildings.
Carpenters shops.
Fire-engine houses.
Frog shops for repair of track material.
Hand-car houses.
Lighting plants.
Lumber sheds.
Planning mills.
Rail reclamation plant.
Rail shops for repair of track material.
Rail welding plant.
Repair shops.
Scrap bins.
Section dwelling houses.
Tool houses.

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

18 Water stations.

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

WATER STATION STRUCTURES AND DETAILS

Boilers.
Breakwaters for protection of buildings.
Buildings on piers.
Cisterns and dams.
Fences.
Pump houses.
Purifying plants.
Reservoirs and wells.
Settling basins.
Stationary engines.
Steam pipes.
Tanks and foundations.
Water pipe lines.
Water-treating plants.

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

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

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

19 Fuel stations.

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

FUEL STATION STRUCTURES AND DETAILS

Breakwaters for protection of buildings.
Buildings on piers.
Dumping machinery.
Elevating machinery.
Fences.
Fuel houses or stations.
Fuel-oil plants, pumps, and tanks.
Fuel platforms on wharves.
Stationary engines.
Weighing apparatus.

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

NOTE B: The cost of a temporary fuel station established only for use during the construction period shall be allocated to the primary accounts charged with the construction costs.

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

20 Shops and enginehouses.

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

SHOP AND ENGINEHOUSE STRUCTURES AND DETAILS

Air-compressor houses.
Bins for material.
Blacksmith shops.
Breakwaters for protection of buildings.
Buildings on piers.
Car sheds and shops.
Carpenter shops.
Electric-power distribution systems within buildings.
Enginehouses.
Fire engine houses.
Footbridges (not public highways).
Foundries and machine shops.
Gas-compressor houses.
Heating and lighting plants.
Laboratories.
Lumber sheds.
Material and supply truck tracks.
Motor-crane tracks.
Offices, shop.
Paint shops.
Pipe lines, air, and heat.
Pipe lines, gas, interior.
Planning mills and repair shops.
Platforms, shop and yard.
Scale houses and scales.
Scrap bins.
Sidewalks.
Steam-distribution systems, interior.
Storehouses.
Tanks, gas, and oil.
Test rooms.
Turntables.
Upholstering shops.
Warehouses.

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

NOTE B: The cost of grading and preparing grounds both before and after the construction of shop buildings, the cost of constructing sidewalks, driveways, and fences thereon, and the costs of permanent water rights shall be included in the costs of the buildings. The fees and expenses of architects employed to design or supervise the construction of the buildings shall also be included in the cost of the buildings. However, the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts.

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

22 Storage warehouses.

This account shall include the cost of storage warehouses, including machinery and fixtures therein. The buildings herein referred to are not the ordinary freight warehouses or stations where freight is received for shipment, etc., but warehouses in which merchandise is stored and which the railway companies operate as storage warehouses.

NOTE A: The cost of grading and preparing grounds both before and after the construction of storage warehouse buildings, the cost of constructing sidewalks, driveways, and fences thereon, and the cost of permanent water rights shall be included in the cost of the buildings. The fees and expenses of architects employed to design or supervise the

construction of the buildings shall also be included in the cost of buildings. However, the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts.

NOTE B: The cost of warehouses leased to noncarriers shall be charged to account 737, ''Property used in other than carrier operations.''

23 Wharves and docks.

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

DETAILS OF WHARVES AND DOCKS

Bridge pontoons.
Bulkheads.
Caissons and cribwork.
Dry docks.
Ferry-bridge machinery.
Ferry bridges.
Ferry slips.
Jetties and inclines.
Transfer-bridge machinery.
Transfer bridges.

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

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

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

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

24 Coal and ore wharves.

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

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

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

25 TOFC/COFC terminals.

This account shall include the cost of structures, fixtures, machinery and appurtenances comprising terminals used for loading and unloading trailers and containers on and from flat cars.

TOFC/COFC TERMINAL STRUCTURES AND DETAILS

Cranes and hoists, including related machinery and appurtenances.
Drainage and sewerage.
Fences.
Grading and preparing grounds for TOFC/COFC terminals.
Offices, TOFC/COFC terminal.
Lighting system.
Platforms, ramps and appurtenances.
Power distribution systems.
Sidewalks, pavements and driveways on terminal grounds.
Terminal trucks and tractors.

NOTE A: ''Trailer,'' as used in the text and elsewhere in this system of accounts unless otherwise indicated in the context, means trailer bodies used in TOFC/COFC service which are permanently mounted on running gear. ''Containers'' means trailer bodies used in TOFC/COFC service which are not permanently mounted on wheels or chassis, but are separated from such running gear before being loaded on flat cars.

NOTE B: The cost of grading and preparing grounds both before and after the construction of TOFC/COFC terminals, the cost of constructing sidewalks, driveways, and fences thereon, and the cost of permanent water rights shall be included in the cost of the buildings. The fees and expenses of architects employed to design or supervise the construction of the buildings shall also be included in the cost of the buildings. However, the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts.

26 Communication systems.

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

DETAILS OF TELEGRAPH AND TELEPHONE TERMINAL EQUIPMENT

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

DETAILS OF TELEGRAPH AND TELEPHONE OUTSIDE PLANT

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

DETAILS OF RADIO, RADAR, AND INDUCTIVE TRAIN COMMUNICATION EQUIPMENT

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

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

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

ITEMS

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

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

27 Signals and interlockers.

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

ITEMS

Automatic-train control devices other than on equipment.
Call-bell systems along track to call in flagmen.
Call boxes, electric.
Car-retarder systems.
Centralized traffic control.
Crossing flasher-light signals.
Crossing gates, highway and railway.
Crossing signals bells.
Crossing warning signals.

Interlocker buildings and machinery.
Power apparatus primarily for the operation of signals and interlockers.
Power-distribution lines primarily for the operation of signals and interlockers.
Signal buildings.
Signal machinery, poles and foundations.
Train-order signals.

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

NOTE B: The cost of track material, such as switches, special rail braces, special roads, special track fastenings, split rails, derails, derail stands, and frogs, used in connection with interlockers, shall be included in account 9, ''Rail and other track material.''

NOTE C: When derails are arranged so as to be thrown from switch stands, the cost of labor expended in the installation of the connections between the switch stand and derail and the devices for throwing the derail shall be included in account 9, ''Rail and other track material.'' The cost of the material shall be included in account 9, ''Rail and other track material.''

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

[42 FR 35017, July 7, 1977, as amended at 52 FR 4326, Feb. 11, 1987]

29 Power plants.

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

POWER-PLANT STRUCTURE ITEMS

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

DAM, CANAL, AND PIPE-LINE ITEMS

Aqueducts.
Bridges.
Fences (other than right-of-way boundary fences).
Footbridges.
Reservoirs.
Roadways.
Sluices.
Valves.
Water rights.

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

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

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

31 Power-transmission systems.

This account shall include the cost of systems for conveying electricity, steam, and compressed air from producing plants to place or building where used; also the cost of conduits and of poles, cross arms, insulator pins, brackets, and other pole fixtures, and

of other structures for power-transmission and distribution systems, including those for electric railway operation, and lighting systems for general lighting purposes.

POWER-TRANSMISSION SYSTEM ITEMS

Air pipe-line in car yards.
Compressed air pipe-lines.
Compressed air storage tanks (not at power houses or shops).
Cut-outs (not at power houses and substations).
Overhead trolley wires.
Rail-insulating devices.
Steam-heating pipe-lines in car yards.
Switchboards (not at power houses and substations).
Third-rail insulation and protection.
Transformers (not at power houses and substations).
Underground power tubes.

POLE-LINE AND CONDUIT ITEMS

Braces and other support for holding poles in position.
Brackets, cross arms, and other pole fixtures.
Conduits for wires and cables.
Cutting and trimming trees.
Guy stubs and wires.
Manholes.
Poles and towers.
Sewer traps.
Stenciling or painting letters or numbers on poles.

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

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

35 Miscellaneous structures.

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

MISCELLANEOUS STRUCTURES ITEMS

Floodlight tower installations in yards.
Grain elevators where grain is stored for owners.
Storehouses for general purpose materials and supplies.

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

NOTE B: The cost of grading and preparing grounds both before and after the construction of miscellaneous structures and the cost of constructing sidewalks, driveways, and fences thereon, shall be included in the cost of the structures. The fees and expenses of architects employed to design or supervise the construction of the buildings shall also be included in the cost of the structures. However, the cost of restoring the grounds after addition and betterment work shall be included in the appropriate operating expense accounts.

37 Roadway machines.

This account shall include the cost of the initial outfit of roadway machines provided for the maintenance of roadway and structures at the time the road is opened for commercial traffic, and the cost of additional roadway machines acquired subsequently. This account shall also include the cost of on and/or off-track automotive vehicles, permanently equipped with special-purpose machinery such as hydraulic cranes, derricks, ditching apparatus, pile-driving equipment, and similar machines listed below, and used exclusively in maintenance of way and structures.

LIST OF ROADWAY MACHINES

Adzers.
Anchor applicators.
Ballast regulators.
Cars, lever.
Cars, motor inspection.
Cars, push.
Cars (small), crane, for supply yards and general use.
Concrete mixers.
Ditching machines.
Dredging machines.
Engines, portable.
Grading outfits.
Hydraulic outfits.
Jacks, hydraulic.
Pile drivers.
Plows, unloading.
Rail grinders.
Rail unloaders.
Rock crushers.
Scarifier-inserters.
Spike drivers.
Spike pullers.
Tie tampers.

Timber trucks.
Trackliners.

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

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

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

39 Public improvements; construction.

This account shall include amounts assessed on carrier property by governmental authority (by mutual agreement or otherwise) to cover the cost of constructing public improvements, when such assessments are made against property within defined areas of taxing districts. The account also shall include carrier's portion of the cost of public improvements constructed under governmental requirements. (See instruction 2–17.) The entire amount of each assessment and other liabilities for public improvements shall be included in this account as soon as the amounts are determined.

ITEMS

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

NOTE A: The cost of railway facilities installed in connection with joint public improvement projects if not in excess of total costs borne by the carrier shall be included in accounts other than account 39, ''Public improvements; construction,'' appropriate for the class of property installed. Any costs borne by the carrier in excess of the cost of railway facilities shall be charged to this account. The carrier shall charge the cost of assessments for public improvements which is borne by joint owner tenants to the appropriate property accounts other than account 39, ''Public improvements; construction,'' assessments from tenant owners shall be credited to account 795, ''Other capital.'' The owner tenants shall charge their proportionate share of the assessment to account 721, ''Investments and advances; affiliated companies.'' The carrier shall charge the appropriate property accounts other than the public improvement account for the cost of public improvement assessments borne by nonowner tenants with contra credit to account 38–00–00, ''Purchased services—Joint facility—Credit,'' and the tenants shall charge their proportionate share of the assessments to account 37–00–00, ''Purchased services—Joint facility—Debit.''

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

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

NOTE D: The amount of the deferred payments of assessments for public improvements, if payments are to be made within one year, shall be included in account 763, ''Other current liabilities.'' If the payments are spread over a longer period they shall be credited to account 782, ''Other liabilities.'' The interest paid on such assessments shall be included in account 547, ''Interest on unfunded debt.''

NOTE E: Interest imposed for failure to pay assessments within the allocated time shall be charged to Account 547, Interest on unfunded debt. Any related penalties shall be charged to Account 551, Miscellaneous income charges.

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

''Property used in other than carrier operations.''

[42 FR 35017, July 7, 1977, as amended at 52 FR 4326, Feb. 11, 1987]

44 Shop machinery.

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

LIST OF SHOP MACHINERY

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

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

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

45 Power-plant machinery.

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

ITEMS

Air compressors.
Ash-conveying machinery.
Battery-charging apparatus.
Boiler-room appliances and tools.
Boilers and fittings.
Circuit breakers.
Furnaces.
Ice-manufacturing machinery and apparatus.
Lubricating devices.
Mechanical stokers.
Metal stacks on boilers.
Refrigerating—machinery and apparatus.
Rotary converters.
Sewer connection for machinery.
Coal-conveying machinery.
Condensers.
Cranes.
Draft machinery.
Dynamos.
Engine-room appliances and tools.
Feed water heaters.
Special foundations for machines.
Steam-distribution systems within the plant.
Switchboards.
Tanks.
Tractors, trailers, and trucks, permanently assigned to power plants.
Transformers.
Turbines.
Water meters.
Well pumps.

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

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

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

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

NOTE E: The cost of machinery and buildings of detached plants for producing power both for operating purposes and for sale shall be included in this account and in account 29, ''Power plants,'' respectively. When plants are intended and used primarily for generating power for sale to noncarriers the

investment shall be included in account 737, ''Property used in other than carrier operations.''

Equipment

50 Equipment.

The several primary accounts included in this general account are designed to show the cost of the several classes of equipment vehicles and shop and power plant equipment owned by the carrier, or held under equipment trust agreements or other contractual obligation for purchase of the property.

52 Locomotives.

(a) This account shall include the cost of locomotives and tenders purchased or built by the carrier, and of appurtenances, furniture, and fixtures necessary to equip them for service, including the cost of inspection, setting up, and trying out after receipt from builders, and transportation charges to the carrier's line. This account may also include the cost of spare engines carried on hand for the purpose of temporarily replacing similar units removed from locomotives for overhaul, repair or other reason.

(b) Records shall be maintained to reflect separately the investment cost of locomotives on the basis of their initial identification for depreciation purposes; i.e., road passenger, road freight, road switching and yard switching.

LIST OF APPURTENANCES TO LOCOMOTIVES

Airbrake equipment and hose.
Arm rests.
Brake fixtures.
Cab cushions.
Clocks.
Fire-extinguishing apparatus.
Gongs.
Headlamps.
Metallic packing.
Pneumatic sanding equipment.
Radio equipment, permanently attached.
Seat boxes.
Signal lamps.
Speed recorders.
Steam-gauge lamps.
Steam-heat equipment and hose.
Storm doors.
Tool boxes.
Train-signal equipment and hose.

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

53 Freight-train cars.

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

LIST OF FREIGHT-TRAIN CARS

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

LIST OF APPURTENANCES TO FREIGHT-TRAIN CARS

Air-brake equipment, including hose.
Cooking equipment and utensils.
Heating units.
Lamps and fixtures.
Loading devices.
Refrigeration units.
Seats.
Speed recorders.
Train-signal equipment, including hose.
Water tanks.

54 Passenger-train cars.

This account shall include the cost of passenger-train cars of all classes, such as motor-driven cars, purchased or built by the carrier, including all appurtenances, furniture, and fixtures

necessary to equip them for service, and cost of inspection and transportation charges to the carrier's line.

LIST OF PASSENGER-TRAIN CARS

Automobile.
Baggage.
Baggage-express.
Baggage-mail.
Baggage-mail-express.
Buffet.
Cafe, chair, and club.
Dining.
Library.
Milk.
Observation.
Parlor.
Parlor-baggage.
Passenger.
Passenger-baggage.
Passenger-baggage-mail.
Postal.
Refrigerator-express.
Sleeping.
Smoking.
Tourists.

LIST OF APPURTENANCES TO PASSENGER-TRAIN CARS

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

55 Highway revenue equipment.

(a) This account shall include the cost of highway vehicles used in revenue transportation service, including pickup and delivery service, substitute line-haul service, and TOFC/COFC service; also the cost of appurtenances (such as radio communication equipment) necessary to equip them for service, and the inspection and transportation costs and charges required for delivery of the vehicles into the carrier's revenue service.

(b) Records shall be maintained to identify the carrier's investment in the following equipment, including appurtenances:

LIST OF HIGHWAY REVENUE EQUIPMENT

Bogies.
Buses.
Chassis.
Containers.
Semi-trailers.
Tractors.
Trailers.
Trucks.

LIST OF APPURTENANCES TO HIGHWAY REVENUE EQUIPMENT

Fire extinguishers.
Heating units.
Radio communication equipment.
Refrigeration units.
Rigging equipment.
Road dollies.
Tarpaulins.

NOTE: The cost of trucks and tractors, which are used exclusively at TOFC/COFC terminals for loading and unloading trailers and containers on and from flat cars shall be charged to account 25, ''TOFC/COFC terminals.''

56 Floating equipment.

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

LIST OF FLOATING EQUIPMENT

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

LIST OF APPURTENANCES TO FLOATING EQUIPMENT

Anchors.

Barometers.
Beds and bedding.
Binnacle lamps.
Blocks and tackle.
China, crockery, and glassware.
Chronometers.
Compasses.
Desks and furniture.
Engines and foundations.
Fire buckets and extinguishers.
Floor coverings.
Gangplanks.
Heating equipment
Hoisting equipment.
Kitchen equipment.
Life preservers.
Lighting equipment.
Linen.
Logs.
Machinery and foundations.
Masts.
Boilers and foundations.
Cables.
Capstan bars.
Charts.
Pianos and other musical instruments.
Pumps.
Railings.
Rigging.
Scales.
Seats, chairs, and cushions.
Spyglasses and telescopes.
Steam distribution systems.
Steering equipment.
Ticket cases.
Tool boxes and tools.
Tracks on car floats.
Ventilating equipment.

57 Work equipment.

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

LIST OF RAIL WORK EQUIPMENT

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

LIST OF FLOATING WORK EQUIPMENT

Derricks.
Dredges.
Pile drivers.

58 Miscellaneous equipment.

(a) This account shall include the cost of automobiles, trucks and other highway equipment not used in revenue transportation service and not provided for elsewhere; the cost of airplanes; the cost of appurtenances (such as radio communication equipment) necessary to equip them for service; and the inspection and transportation costs and charges required for delivery of the vehicles to the carrier.

(b) The cost of on and/or off-track automotive vehicles, which are permanently equipped with special-purpose machinery and used exclusively in maintenance of way and structures, shall be charged to account 37, *Roadway machines.*

LIST OF MISCELLANEOUS EQUIPMENT

Airplanes.
Automobiles.
Buses.
Emergency repair vehicles.
Road dollies.

Semi-trailers.
Tractors.
Trailers.
Trucks.
Wreckers.

LIST OF APPURTENANCES TO MISCELLANEOUS EQUIPMENT

Fire extinguisher.
Radio communication equipment.
Rigging equipment.
Tarpaulins.

59 Computer systems and word processing equipment.

This account shall include the cost of mainframe and mini-computers and data processing equipment as well as the cost of word processing equipment that is not dedicated to a particular function. Essentially this account consists of all computer-related equipment that remains under the control of the data processing department. This account shall also include the cost of foundations, power supply, fixtures, appurtenances and other devices to prepare this equipment for use.

ITEMS

Mainframes, Mini-computers, Word processing systems, Printers, Monitors, Modems, Storage devices.

NOTE A: The cost of micro computers, data processing equipment, and word processing equipment which are an integral part of and essential to the operation of a separate facility shall be charged to the appropriate property account for that facility.

NOTE B: Carriers desiring to adopt other methods of accounting for computers and word processing equipment that are considered more suitable for their operational structure shall submit justification and supporting documents to the Board for consideration and decision.

[52 FR 4326, Feb. 11, 1987]

General Expenditures

70 General expenditures.

The primary accounts of this general account are designed to include expenditures made in connection with the acquisition and construction of original road and equipment, and with extension, additions, and betterments to road and equipment property, when such expenditures cannot properly be included in any of the foregoing accounts as a part of the cost of any specific work. When assignable, such expenditures shall be included in the cost of the property for which the expenditures occurred.

76 Interest during construction.

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

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

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

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

NOTE B: If securities issued or assumed by the carrier are subsequently sold or exchanged by or for the carrier, the excess of

the par value and accrued interest of the securities over the actual money value of the consideration received shall be deemed a discount. In no case (except as provided in the third paragraph of this account) shall discount be included as part of the cost of items included in the accounts prescribed in this classification.

NOTE C: Whenever interest, premium, or discount assignable to the construction period is incurred in connection with an expenditure covered by some specific road and equipment account or accounts, such interest, premium, or discount shall be charged directly to the specific accounts to which it is related. Unless provided for otherwise, interest costs shall be capitalized in accordance with generally accepted accounting principles.

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

(5 U.S.C. 553; 49 U.S.C. 10321)

[42 FR 35017, July 7, 1977, as amended at 46 FR 10920, Feb. 5, 1981]

Other Property Accounts

80 Other elements of investment.

(a) This account shall include amounts resulting from adjustment of the primary property accounts to conform with cost of property in valuation records. The amount in this account shall be cleared on a consistent basis as property is retired from service or otherwise in accordance with the rules in paragraphs (b), (c), and (d) of this account. Any material amount in this account assignable to property previously retired from service shall be cleared immediately.

(b) When property is retired from service, an equitable portion of the balance in this account assignable to such property shall be cleared when the retirement entry is made. The amount so cleared, when a debit, shall be charged to account 551, *Miscellaneous income charges*, or, when a credit, shall be recorded in account 519, *Miscellaneous income*. The exception to this general rule with respect to a credit balance assignable to property retired is that when property classified as depreciable is retired from service and the balance in the accumulated depreciation account for the property is materially deficient, because of sudden retirement or other unusual cause, the portion of a credit balance cleared for the retirement, equal to the deficiency, shall be applied to reduce the amount of loss otherwise chargeable to the accumulated depreciation account.

(c) A carrier may apply to the Board for authority to clear the entire balance from this account immediately or amortize the balance over a short period of time by appropriate inclusion in account 616, *Other debits to retained earnings*, or account 606 *Other credits to retained earnings*. Any amount so authorized or directed by the Board to be cleared and written off to retained income shall be in lieu of amounts includible in accounts indicated in paragraph (b).

(d) Other plans for clearance, disposition, or classification of a balance in this account in conformity with sound accounting principles may be submitted to the Board with suitable details for consideration. This includes application for disposition of a balance in this account attributable to reduction of capitalization in a reorganization. An accounting procedure so applied for shall become effective only after Board approval. Each carrier shall maintain a record of items initially included in and cleared later from this account and the basis used in computing such items.

NOTE: The amounts attributable to past mergers, consolidations and purchases of property included in this account shall be merged with the adjustment made pursuant to paragraph (a) of this text.

90 Construction in progress.

This account shall include expenditures incurred by the carrier in the process of constructing road and equipment with its own forces or under contract during the period prior to the time property is placed in transportation operations, including cost of materials and supplies located at point of use and of necessary land acquired for such projects. When a project is completed or when a segment of a large project is completed and placed in service, the cost of the completed project or the completed segment thereof shall be transferred to the appropriate road and equipment primary accounts. Separate subaccounts may be maintained

for road, equipment, or other classes of expenditures. Expenditures for relatively unimportant projects may be included directly in primary accounts.

RAILWAY OPERATING REVENUE ACCOUNTS

Transportation Revenue Accounts

100 Transportation; rail line.

The primary accounts included in this general account are designed to show amounts of money which the carrier becomes entitled to receive or which accrue to its benefit from services rendered in transporting property or persons by rail line. The detail accounts include in this general account series are summarized in account 501, Railway Operating Revenues.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4326, Feb. 11, 1987]

101 Freight.

(a) This account shall include revenue from the transportation of freight and from transit, stop, and reconsigning privileges, upon the basis of lawful tariff rates.

(b) This account shall include collections in excess of tariff charges, except where such amounts are segregated and held subject to refund.

(c) Proceeds derived from the sale of unclaimed and refused freight which has been transported in accordance with the contract of shipment shall be credited to this account in cases where such items can be readily identified. Uncollected tariff charges on such shipments shall be charged to this account.

(d) Amounts determined to be uncollectible shall be accounted for in accordance with the text of account 63–61–00 *General—Uncollectible accounts.*

ITEMS TO BE CREDITED

(a) Revenue upon the basis of local freight tariff rates, regardless of class of train in which the freight is transported.

(b) The carrier's proportion of revenue upon the basis of through freight tariff rates, regardless of class of train on which the freight is transported.

(c) Revenue from transportation of mail matter, and empty mail pouches, at freight rates.

(d) Revenue from transportation of freight on special trains at rates based on weights of shipments.

(e) Revenue on basis of classifications and freight tariffs from transportation of caretakers of freight shipments.

(f) Revenue from reconsigning privileges.

(g) Revenue from stop privileges.

(h) Revenue from transit privileges.

(i) Revenue upon the basis of arbitraries out of freight, rates for water transfers (ferriage, lighterage, and floatage).

(j) Revenue from transportation of trailers and containers on flat cars in TOFC/COFC service upon the basis of all-rail line-haul freight tariff rates and under arrangements for motor carrier-railroad joint haul, and from the loading and unloading of trailers and containers on and from flat cars upon the basis of tariff rates and under arrangements for motor carrier-railroad joint haul.

ITEMS TO BE CHARGED

(a) Amounts paid as bridge and ferry arbitraries on freight.

(b) Amounts paid for completing a haul.

(c) Amounts paid for elevation of freight.

(d) Amounts paid for switching services, in connection with the transportation of freight, on the basis of switching tariffs, and allowances out of through rates, including amounts paid for switching empty cars in connection with a freight revenue movement.

(e) Amounts paid for transferring freight between stations.

(f) Arbitraries and allowances to others for lighterage and wharfage.

(g) The carrier's proportion of overcharges resulting from the use of erroneous rates, weights, classifications or computations.

(h) The carrier's proportion of refunds on account of errors in routing and billing.

(i) The carrier's proportion of uncollected revenue on freight lost or destroyed in transit.

(j) The carrier's proportion of uncollected tariff charges on damaged shipments for which charges neither shipper nor consignee is liable.

(k) Amounts paid on basis of tariff rates for loading and unloading livestock.

(l) Amounts paid to motor truck companies for hauling trailers and containers to and from TOFC/COFC terminals, and allowances to shippers who perform such service on the basis of tariff rates.

NOTE A: Amounts paid for switching empty cars other than in connection with loaded movements shall be charged to operating expense account 61–32–XX, ''General—Other Expenses—Transportation—Yard— Freight,'' except that amounts paid for switching equipment for repairs shall be included in the appropriate equipment repair accounts.

NOTE B: Other carriers' proportion of revenue and of uncollectible undercharges paid

by the carrier on account of its errors in routing and billing shall be charged to operating expense account 61–35–76, ''General—Other Expenses—Transportation—Administrative Support.''

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

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

NOTE E: This account shall be maintained so as to show separately payments and allowances for (a) terminal collection and delivery services when performed in connection with line-haul transportation of freight on the basis of freight tariff rates, further separated between (1) TOFC/COFC service, and (2) all other freight service; also (b) payments for switching services when performed in connection with line-haul transportation of freight on the basis of switching tariffs and allowances out of freight rates, including the switching of empty cars in connection with a revenue movement, and (c) payments on basis of tariff rates for loading and unloading livestock.

102 Passenger.

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

ITEMS TO BE CREDITED

(a) Revenue from local passenger fares.

(b) The carrier's proportion of revenue from interline passenger fares.

(c) Revenue from extra fares.

(d) Revenue from additional fares or charges for exclusive use of a passenger car, drawing room, compartment, bedroom, etc.

(e) Revenue from mileage and scrip coupons honored for all services covered by this account.

(f) Revenue from transportation of passengers in special cars or on special trains when charge is based on passenger fare per capita, regardless of the number of passengers actually transported.

(g) Revenue from a guaranteed minimum amount not based on per capita fare, for transportation of passengers on special or chartered trains.

(h) Cash fare penalty collections.

(i) Unclaimed collections and deposits for transportation of passengers.

(j) Passenger fare overcharges.

(k) Revenue from transportation of corpses, based on passenger fares.

(l) Revenue from water transfers (ferriage), bridge tolls, and transfers between railway stations or between railway stations and docks, received as arbitraries in divisions of passenger fares.

ITEMS TO BE CHARGED

(a) Amounts paid as bridge tolls, and also for ferry, depot to depot and depot to dock passenger transfer service.

(b) Amounts paid for switching in completing a passenger transportation movement.

(c) Amounts paid for switching empty passenger-train cars in connection with transportation of passengers. (See note C.)

(d) Redemptions of unused and partially unused local tickets and redemptions of carrier's proportions of unused and partially unused interline tickets.

(e) Refund of extra fares, cash fare penalty collections, and overcharges in excess of tariff fares.

(f) Uncollectible undercharges.

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

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

NOTE C: Amounts paid for switching empty passenger-train cars other than in connection with loaded movements, shall be charged to account 61–42–XX. *General—Other Expenses—Transportation—Yard—Passenger,* except that when switched for repairs, the amounts paid shall be included in account 39–25–45, *Purchased Services—Repairs Billed by Others—Equipment—Other Equipment.*

NOTE D: Amounts determined to be uncollectible shall be accounted for in accordance with the text of account 63–62–00, *General—Uncollectible accounts.*

103 Passenger-related.

This account shall include the revenue from the transportation of baggage, packages, etc. on passenger trains at other than freight or express tariff rates. This account shall also include the revenue from berth and seat accommodations furnished in sleeping, parlor observation, chair, and other special passenger cars, also the revenue derived from the operation of passenger trains not provided for elsewhere, and dining and buffet service.

The amounts recorded in this account shall not include aid in the form of abatement or forgiveness of taxes, assumption by local governments of station maintenance costs, and other similar special indirect benefits, contributed by governmental agencies.

104 Switching.

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

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

NOTE: *Penalty switching* charges paid by the carrier shall be included in expense account 61–32–XX, *General—Other Expenses—Transportation—Yard—Freight.*

105 Water transfers.

(a) This account shall include the revenue, from the transfer by water (ferriage, lighterage, and floatage) of passenger, freight, vehicles and livestock, upon the basis of lawful local tariff rates.

(b) This account also shall include revenue from water transfers of other traffic, such as the revenue from towing beyond lighterage limits and all other towing for which an extra charge is made; insurance of freight afloat when billed out at other than cost; storage of freight afloat; grain overage in boats; pumping performed for outside parties; and from other similar sources.

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

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

106 Demurrage.

This account shall include the revenue from the detention of cars incident to loading, unloading, reconsigning, and stops in transit upon the basis of lawful tariffs for demurrage. This account shall also include the revenue from the detention of trailers and containers used in TOFC/COFC service, incident to loading and unloading, upon the basis of tariff rates.

NOTE: This account shall be maintained so as to reflect separately (1) revenue from detention of cars, and (2) revenue from detention of trailers and containers used in TOFC/COFC service.

110 Incidental.

This account is designed to show the amounts which the carrier becomes entitled to receive from services rendered incidentally with rail-line and water-line transportation; for the use of facilities of which the expenses for operation and maintenance are not separable from railway expenses and from incidental sources not provided for elsewhere. Among the items included in this account are revenues derived from (1) hotels and restaurants, (2) operations conducted at stations and on trains by individual or companies other than railway companies, (3) storage, (4) the sale of electric power, (5) renting property operated and maintained in connection with the property used in

the carrier's transportation operations and from railway operations not provided for elsewhere.

Joint Facility Revenue Accounts

120 Joint facility.

The primary accounts included in this general account are designed to show the carrier's proportion of revenues collected by others in connection with operation of joint facilities and the amount payable by the carrier to other companies from operation of joint facilities.

121 Joint facility—credit.

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

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

NOTE B: No credits shall be made to this account representing amounts creditable by the operating company to primary accounts 101–103, 105 and 110.

122 Joint facility—debit.

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

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

NOTE B: No debits shall be made to this account representing amounts creditable by the operating company to primary accounts 101–103, 105 and 110.

OPERATING EXPENSE ACCOUNTS

SOURCE: 52 FR 4326, Feb. 11, 1987, unless otherwise noted.

INSTRUCTION

(1) The operating expense accounts use a six-digit code. The first two digits denote natural expense, the second two digits denote activity/subactivity, and the third two digits denote detailed functions. [See Table A for an overview of the coding structure and Tables B–E for detailed functions.]

(2) The operating expense account explanations use a three-tier format. Section 1 contains natural expense explanations with applicable activity/subactivity and function assignment. Section 2 details the activity/subactivity explanations. Section 3 explains the functions appropriate for each activity/subactivity. To obtain a complete explanation for a particular account, refer to section 1 to locate the natural expense and activity/subactivity (first four digits) and read the appropriate account text. Accounts that are assigned to functions are appropriately listed. For further information, refer to section 2 and section 3.

(3) All accounts listed in Table A and section 1 are for freight only. Refer to Table F for applicable passenger or common account codes. Account numbers designated with an asterisk in section 1 denote freight only accounts, while other accounts are used for both freight and passenger or common accounts.

(4) All expense assigned to common operating accounts shall be allocated

to freight and passenger accounts in accordance with Part 1242 of this chapter.

TABLE A—CODING STRUCTURE FOR RAILWAY OPERATING EXPENSE ACCOUNTS [1]

	XX–00	Way and structures XX–10			Equipment XX–20			Transportation XX–30, 40, 50					XX–60
	Control	Running	Switching	Other	Locomotive	Freight cars	Other equipment	Train	Yard	Train and yard common	Specialized SVDS	Administrative support	General and administrative
Freight [2]	XX–00	XX–11	XX–12	XX–13	XX–21	XX–22	XX–23	XX–31	XX–32	XX–33	XX–34	XX–35	XX–61
Personnel	10–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Salaries and wages	11–00	[3] 11–11	[3] 11–12	[3] 11–13	[3] 11–21	[3] 11–22	11–23	[3] 11–31	[3] 11–32	[3] 11–33	[3] 11–34	[3] 11–35	[3] 11–61
Fringe benefits	12–00	12–11	12–12	12–13	12–21	12–22	12–23	12–31	12–32	12–33	12–34	12–35	12–61
Materiel	20–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Materiel, tools, supp, fuel, lubricants	21–00	[3] 21–11	[3] 21–12	[3] 21–13	[3] 21–21	[3] 21–22	[3] 21–23	[3] 21–31	[3] 21–32	[3] 21–33	[3] 21–34	[3] 21–35	[3] 21–61
Purchased services	30–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Lease rentals—DR	31–00	31–11	31–12	31–13	31–21	31–22	31–23	.....	.....	.....	.....	.....	.....
Lease rentals—CR	32–00	32–11	32–12	32–13	32–21	32–22	32–23	.....	.....	.....	.....	.....	.....
Jt. Fac. Rent—DR	33–00	33–11	33–12	33–13	33–21	33–22	33–23	.....	.....	.....	.....	.....	.....
Jt. Fac. Rent—CR	34–00	34–11	34–12	34–13	34–21	34–22	34–23	.....	.....	.....	.....	.....	.....
Other rents—DR	35–00	35–11	35–12	35–13	35–21	35–22	35–23	.....	.....	.....	.....	.....	.....
Other rents—CR	36–00	36–11	36–12	36–13	36–21	36–22	36–23	.....	.....	.....	.....	.....	.....
Jt. facility—DR	37–00	37–11	37–12	37–13	37–21	37–22	37–23	37–31	37–32	.....	37–34	37–35	37–61
Jt. facility—CR	38–00	38–11	38–12	38–13	38–21	38–22	38–23	38–31	38–32	.....	38–34	38–35	38–61
Repairs billed by others—DR	39–00	[3] 39–11	[3] 39–12	[3] 39–13	[3] 39–21	[3] 39–22	[3] 39–23	.....	.....	.....	.....	.....	.....
Repairs billed to others—CR	40–00	[3] 40–11	[3] 40–12	[3] 40–13	[3] 40–21	[3] 40–22	[3] 40–23	.....	.....	.....	.....	.....	.....
Other purchase services	41–00	[3] 41–11	[3] 41–12	[3] 41–13	[3] 41–21	[3] 41–22	[3] 41–23	[3] 41–31	[3] 41–32	[3] 41–33	[3] 41–34	[3] 41–35	[3] 41–61
Claims and insurance	50–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Loss damage claims	51–00	.....	.....	.....	.....	.....	.....	51–31	51–32	51–33	51–34	.....	.....
Other casualties	52–00	52–11	52–12	52–13	52–21	52–22	52–23	52–31	52–32	.....	52–34	52–35	52–61
Insurance	53–00	53–11	53–12	53–13	53–21	53–22	53–23	53–31	53–32	.....	53–34	53–35	53–61
General	60–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other expenses	61–00	[3] 61–11	[3] 61–12	[3] 61–13	[3] 61–21	[3] 61–22	[3] 61–23	[3] 61–31	[3] 61–32	.....	[3] 61–34	[3] 61–35	[3] 61–61
Depreciation	62–00	62–11	62–12	62–13	62–21	62–22	62–23	.....	.....	.....	.....	.....	.....
Uncollectible account	63–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	63–61
Property taxes	64–00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	64–61

[1] Each operating expense account has a six-digit code divided into three two-digit groups. The first two-digit group denotes the natural expense [see control column], the second group denotes the activity/subactivity for freight, passenger or common service [see Table F]; and the third group signifies applicable function assignment [see Tables B, C, D & E].

[2] The account numbers shown on this matrix are for freight only. The account numbers for passenger and common are derived by applying the natural expense code (first two digits) to the activity codes shown in Table F. Natural expenses are used only in the same activities as shown for freight.

[3] Expenses shall be reported by applicable functions [see account text].

TABLE B—FUNCTION CODE USE—WAY AND STRUCTURES

Code	Functions	Running			Switching			Other		
		[1] F	P	C	F	P	C	F	P	C
	ADMINISTRATION									
02	Track	.....	.....	.....	.....	.....	.....	X	X	X
03	Bridges and buildings	.....	.....	.....	.....	.....	.....	X	X	X
04	Signals	.....	.....	.....	.....	.....	.....	X	X	X
05	Communications	.....	.....	.....	.....	.....	.....	X	X	X
06	Other	.....	.....	.....	.....	.....	.....	X	X	X
	REPAIRS AND MAINTENANCE									
10	Roadway	X	X	X	X	X	X	.....	.....	.....
11	Tunnels and subways	X	X	X	X	X	X	.....	.....	.....
12	Bridges and culverts	X	X	X	X	X	X	.....	.....	.....
13	Ties	X	X	X	X	X	X	.....	.....	.....
14	Rails and other track material	X	X	X	X	X	X	.....	.....	.....
16	Ballast	X	X	X	X	X	X	.....	.....	.....
19	Signals and interlockers	X	X	X	X	X	X	.....	.....	.....
20	Communication systems	.....	.....	.....	.....	.....	.....	X	X	X
21	Power systems	.....	.....	.....	.....	.....	.....	X	X	X
22	Highway grade crossings	X	X	X	X	X	X	.....	.....	.....
23	Station and office buildings	.....	.....	.....	.....	.....	.....	X	X	X
24	Shop bldgs.—Locomotives	.....	.....	.....	.....	.....	.....	X	X	X
25	Shop bldgs.—Freight cars	.....	.....	.....	.....	.....	.....	X		
26	Shop bldgs.—Other equipment	.....	.....	.....	.....	.....	.....	X	X	X
27	Locomotive servicing facilities	.....	.....	.....	.....	.....	.....	X	X	X
28	Misc. buildings and structures	.....	.....	.....	.....	.....	.....	X	X	X
29	Coal terminals	.....	.....	.....	.....	.....	.....	X		
30	Ore terminals	.....	.....	.....	.....	.....	.....	X		
31	TOFC/COFC terminals	.....	.....	.....	.....	.....	.....	X		
32	Other marine terminals	.....	.....	.....	.....	.....	.....	X		
33	Motor vehicle loading and distribution facilities	.....	.....	.....	.....	.....	.....	X		
35	Facilities—Other specialized services operations	.....	.....	.....	.....	.....	.....	X		
36	Roadway machines	.....	.....	.....	.....	.....	.....	X	X	X
37	Small tools and supplies	.....	.....	.....	.....	.....	.....	X	X	X
38	Snow removal	.....	.....	.....	.....	.....	.....	X	X	X
39	Dismantling retired property	X	X	X	X	X	X	X	X	X
48	Road property damaged	X	X	X	X	X	X	X	X	X
	OTHER									
99	Other	X	X	X	X	X	X	X	X	X

[1] F—Freight; P—Passenger; C—Common.

TABLE C—FUNCTION CODE USE—EQUIPMENT

Code	Functions	Locomotives			Freight Cars			Other Equipment		
		[1] F	P	C	F	P	C	F	P	C
	ADMINISTRATION									
01	Administration	X	X	X	X	.....	.....	X	X	X
	REPAIR AND MAINTENANCE									
39	Dismantling retired property	X	X	X	X	.....	.....	X	X	X
41	Locomotives	X	X	X	.....	.....	.....	.....	.....	.....
42	Freight cars	.....	.....	.....	X	.....	.....	.....	.....	.....
43	Trucks, trailers, containers in revenue service	.....	.....	.....	.....	.....	.....	X	.....	.....
44	Floating equipment in revenue service	.....	.....	.....	.....	.....	.....	X	.....	.....
45	Passenger and other revenue equipment	.....	.....	.....	.....	.....	.....	X	X	X
46	Computer systems and word processing equipment	.....	.....	.....	.....	.....	.....	X	X	X
47	Work and other nonrevenue equipment	.....	.....	.....	.....	.....	.....	X	X	X
48	Equipment damaged	X	X	X	X	.....	.....	X	X	X
49	Shop machinery—locomotives	.....	.....	.....	.....	.....	.....	X	X	X
50	Shop machinery—freight cars	.....	.....	.....	.....	.....	.....	X	X	X
51	Shop machinery—other equipment	.....	.....	.....	.....	.....	.....	X	X	X
99	Other	X	X	X	X	.....	.....	X	X	X

[1] F—Freight; P—Passenger; C—Common.

TABLE D—FUNCTION CODE USE—TRANSPORTATION

Code		Train			Yard			Train and yard common			Specialized services			Administrative support		
		*F	P	C	F	P	C	F	P	C	F	P	C	F	P	C
	ADMINISTRATION															
01		X	X	X	X	X	X	.....	.....	.....	X	.....	.....	X	X	X
	OPERATIONS															
56	Engine	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
57	Train crews	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
58	Dispatching trains	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
59	Operating switches, signals, interlockers, retarders, humps	X	X	X	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
60	Operating drawbridges	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
61	Highway crossing protection	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
62	Train inspection and lubrication	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
63	Clearing wrecks	X	X	X	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
64	Switch crews	.....	.....	.....	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
65	Controlling operations	.....	.....	.....	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
66	Yard and terminal clerical	.....	.....	.....	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
67	Locomotive fuel	X	X	X	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
68	Power purchased/produced for motive power	X	X	X	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
69	Servicing locomotives	X	X	X	X	X	X	.....	.....	.....	.....	.....	.....	.....	.....	.....
70	Cleaning car interior	.....	.....	.....	.....	.....	.....	X	X	X	.....	.....	.....	.....	.....	.....
71	Adjusting, transferring loads	.....	.....	.....	.....	.....	.....	X	.....	.....	.....	.....	.....	.....	.....	.....
72	Car loading devices and grain doors	.....	.....	.....	.....	.....	.....	X	.....	.....	.....	.....	.....	.....	.....	.....
73	Pick up and delivery, marine haul, rail substitute service	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	.....	.....	.....
74	Loading, unloading, local marine	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	.....	.....	.....
75	Protective services	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	.....	.....	.....	.....	.....
76	Clerks and accounting employees	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X	X
77	Communications systems operations	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X	X
78	Loss and damage claims processing	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	X	X	X
	OTHER															
99	Other	X	X	X	X	X	X	.....	.....	.....	X	.....	.....	X	X	X

TABLE E—FUNCTIONAL CODE USE—GENERAL AND ADMINISTRATIVE

Code	Functions	Freight	Passenger	Common
	ADMINISTRATION			
	Administration	X	X	X
	GENERAL			
86	Accounting, auditing, finance	X	X	X
87	Management services and data and word processing	X	X	X
88	Marketing	X	X	X
89	Sales	X	X	X
90	Industrial development	X		
91	Personnel, labor relations	X	X	X
92	Legal and secretarial	X	X	X
93	Public relations and advertising	X	X	X
94	Research and development	X	X	X
	OTHER			
99	Other	X	X	X

TABLE F—ACTIVITY/SUBACTIVITY CODE USE

Activity/subactivity	Freight	Code passenger	Common
Way and structures:			
Running	11	14	17
Switching	12	15	18
Other	13	16	19
Equipment:			
Locomotives	21	24	26
Freight cars	22	N/A	N/A
Other	23	25	27
Transportation:			
Train	31	41	51
Yard	32	42	52
Train and yard common	33	43	53
Specialized services	34	N/A	N/A
Administrative support	35	45	55
General and administrative	61	62	63

OPERATING EXPENSE ACCOUNTS

*Section 1—Natural Expense Explanations**

Personnel

Control—10–00–00

This account may be used as a control account for all accounts in the PERSONNEL Series: Salaries and Wages. Fringe Benefits Not Included in Compensation.

Salaries and Wages—Control 11–00–00

This account series includes the compensation payable to employees for services performed. It includes amounts payable in connection with profit sharing and stock option plans that are part of employee compensation. This account series also includes amounts of compensation payable to employees for paid time off as a fringe benefit: Vacation pay, holiday pay, sick pay, and other payments considered direct compensation for time not worked. Amounts of labor billed by contractors, other companies, and joint facilities, are not considered salaries and wages of the carrier company and are not to be included in this account group. Its components shall be distributed to the following accounts in accordance with Instruction 1–12.

Salaries and Wages—Way and Structures—Running—11–11–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's roadway and track on the line of road and outside of classification yards. Compensation payable to officers and technical and clerical employees shall only be assigned to Way and Structures—Other. This account shall be subdivided by the following functions:

Repair and Maintenance:
- Roadway 11–11–10
- Tunnels and Subways 11–11–11
- Bridges and Culverts 11–11–12

Ties	11–11–13
Rails and Other Track Material	11–11–14
Ballast	11–11–16
Signals and Interlockers	11–11–19
Highway Grade Crossings	11–11–22
Dismantling Retired Property	11–11–39
Road Property and Equipment Damaged	11–11–48
Other—Other	11–11–99

Salaries and Wages—Way and Structures—Switching—11–12–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's roadway and track within classification yards and stations. Compensation payable to officers and technical and clerical employees shall be assigned to Way and Structures—Other. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	11–12–10
Tunnels and Subways	11–12–11
Bridges and Culverts	11–12–12
Ties	11–12–13
Rails and Other Track Material	11–12–14
Ballast	11–12–16
Signals and Interlockers	11–12–19
Highway Grade Crossings	11–12–22
Dismantling Retired Property	11–12–39
Road Property and Equipment Damaged	11–12–48
Other—Other	11–12–99

Salaries and Wages—Way and Structures—Other—11–13–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's structures other than roadway and track. Each administration account (functions 02–06) includes the compensation payable to all officers and technical and clerical employees associated with the Way and Structures Activity. This account shall be subdivided by the following functions:

Administration:	
Track	11–13–02
Bridges and Buildings	11–13–03
Signals	11–13–04
Communications	11–13–05
Other	11–13–06
Repair and Maintenance:	
Communication Systems	11–13–20
Power Systems	11–13–21
Station and Office Buildings	11–13–23
Shop Buildings—Locomotives	11–13–24
Shop Buildings—Freight Cars	*11–13–25
Shop Buildings—Other	11–13–26
Locomotive Servicing Facilities	11–13–27
Miscellaneous Buildings and Structures	*11–13–28
Coal Terminals	*11–13–29
Ore Terminals	*11–13–30
TOFC/COFC Terminals	*11–13–31
Other Marine Terminals	*11–13–32
Motor Vehicle Loading and Distribution Facilities	*11–13–33
Facilities for Other Specialized Services Operations	*11–13–35
Roadway Machines	11–13–36
Snow Removal	11–13–38
Dismantling Retired Property	11–13–39
Road Property and Equipment Damaged	11–13–48
Other—Other	11–13–99

Salaries and Wages—Equipment—Locomotives—11–21–XX

This account includes the compensation payable to all officers and technical and clerical employees, repair and maintenance employees, and others who are associated with the repair and maintenance of locomotives, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	11–21–01
Repair and Maintenance:	
Dismantling Retired Property	11–21–39
Locomotives	11–21–41
Road Property and Equipment Damaged	11–21–48
Other—Other	11–21–99

Salaries and Wages—Equipment—Freight Cars—11–22–XX*

This account includes the compensation payable to all officers, technical and clerical employees, repair and maintenance employees, and others, who are associated with the repair and maintenance of freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	11–22–01
Repair and Maintenance:	
Dismantling Retired Property	11–22–39
Freight Cars	11–22–42
Road Property and Equipment Damaged	11–22–48
Other—Other	11–22–99

Salaries and Wages—Equipment—Other Equipment—11–23–XX

This account includes the compensation payable to all officers, technical and clerical employees, repair and maintenance employees, and others, who are associated with the repair and maintenance of equipment other than locomotives and freight cars, whether

owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General 11–23–01
Repair and Maintenance:
Dismantling Retired Property 11–23–39
Trucks, Trailers, Containers in Revenue Service *11–23–43
Floating Equipment—Revenue Service *11–23–44
Passenger and Other Revenue Service 11–23–45
Work and Other Non-Revenue Equipment 11–23–47
Road Property and Equipment Damaged 11–23–48
Shop Machinery—Locomotives 11–23–49
Shop Machinery—Other Equipment 11–23–51
Other—Other 11–23–99

Salaries and Wages—Transportation—Train—11–31–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with the dispatching and operation of freight trains over the roadway and outside of classification yards. This account shall be subdivided by the following functions:

Administration—General 11–31–01
Operations:
Engine Crews 11–31–56
Train Crews 11–31–57
Dispatching Trains 11–31–58
Operating Switches, Signals, Interlockers, Retarders, Humps 11–31–59
Operating Drawbridges 11–31–60
Highway Crossing Protection 11–31–61
Train Inspection and Lubrication 11–31–62
Clearing Wrecks 11–31–63
Locomotive Fuel 11–31–67
Electric Power Purchased/Produced for Motive Power 11–31–68
Servicing Locomotives 11–31–69
Other—Other 11–31–99

Salaries and Wages—Transportation—Yard—11–32–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with the movement of freight cars within classification yards and in terminal switching and transfer service. This account shall be subdivided by the following functions:

Administration—General 11–32–01
Operations:
Operating Switches, Signals, Interlockers, Retarders, Humps 11–32–59
Clearing Wrecks 11–32–63
Switch Crews 11–32–64
Controlling Operations 11–32–65
Yard and Terminal Clerical 11–32–66
Locomotive Fuel 11–32–67
Electric Power Purchased/Produced for Motive Power 11–32–68
Servicing Locomotives 11–32–69
Other—Other 11–32–99

Salaries and Wages—Transportation—Train and Yard—Common—11–33–XX

This account includes the compensation payable to all officers, performing functions incurred on behalf of both train and yard operations. This account shall be subdivided by the following functions:

Operations:
Cleaning Car Interiors 11–33–70
Adjusting and Transferring Loads *11–33–71
Car Loading Devices and Grain Doors *11–33–72

Salaries and Wages—Transportation—Specialized Services—11–34–XX*

This account includes the compensation payable to all officers, technical and clerical employees, and other operational employees who are associated with operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Board appear within the explanation of activities/subactivities. This account shall be subdivided by the following functions:

Administration—General 11–34–01
Operations:
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service 11–34–73
Loading, Unloading, and Local Marine 11–34–74
Protective Services 11–34–75
Other—Other 11–34–99

Salaries and Wages—Transportation—Administrative Support—11–35–XX

This account includes the compensation payable to all officers, are associated with providing direct administrative support for the Transportation Activity. For further clarification refer to the explanation of the Administrative Support Operations Subactivity. Each account shall be subdivided by the following functions:

Administration—General 11–35–01
Operations:
Clerical and Accounting Employees 11–35–76
Communication Systems Operations 11–35–77

Loss and Damage Claims Processing	11–35–78
Other—Other	11–35–99

Salaries and Wages—General and Administrative—11–61–XX

This account includes the compensation payable to all employees who are associated with overall administration or other general support for carrier operations. Overall administration includes executive, legal, financial, treasury, accounting, budgeting, taxation, corporate planning, costing, marketing, advertising, traffic, corporate secretary, public relations, real estate, insurance administration, personnel administration, pension plan administration, general purchasing, labor relations, internal auditing, industrial engineering, and regulatory reporting. For further clarification refer to the explanation of the General and Administrative Activity. This account shall be subdivided by the following functions:

Administration—General	11–61–01
General:	
Accounting, Auditing, Finance	11–61–86
Marketing	11–61–88
Sales	11–61–89
Industrial Development	*11–61–90
Personnel and Labor Relations	11–61–91
Legal and Secretarial	11–61–92
Public Relations and Advertising	11–61–93
Research and Development	11–61–94
Other—Other	11–61–99

Fringe Benefits Not Included in Compensation—Control—12–00–00

This account series includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation. These benefits include the carrier portions of Railroad Retirement contributions, pension expense, unemployment taxes, dental plans, health plans, hospitalization insurance, life insurance, subsidies for employee lunchrooms, company entertainment facilities for personal use, and other benefits to employees that are not includible in direct compensation. They exclude travel expense on company business, casualties, workmen's compensation, as well as dues, memberships, and similar items when the direct beneficiary is clearly the company rather than the employee.

Fringe Benefits Not Included in Compensation—Way and Structures—Running	12–11–00
Fringe Benefits Not Included in Compensation—Way and Structures—Switching	12–12–00
Fringe Benefits Not Included in Compensation—Way and Structures—Other	12–13–00
Fringe Benefits Not Included in Compensation—Equipment Locomotives	12–21–00
Fringe Benefits Not Included in Compensation—Equipment—Freight Cars	*12–22–00
Fringe Benefits Not Included in Compensation—Equipment—Other Equipment	12–23–00
Fringe Benefits Not Included in Compensation—Transportation— Train	12–31–00
Fringe Benefits Not Included in Compensation—Transportation— Yard	12–32–00
Fringe Benefits Not Included in Compensation—Transportation— Train and Yard Common	12–33–00
Fringe Benefits Not Included in Compensation—Transportation— Specialized Services	12–34–00
Fringe Benefits Not Included in Compensation—Transportation—Administrative Support	12–35–00
Fringe Benefits Not Included in Compensation—General and Administrative	12–61–00

Materiel Control—20–00–00

This account may be used as a control account for the MATERIEL series: Materials, Tools, Supplies, Fuels, Lubricants.

Materials, Tools, Supplies, Fuels, Lubricants—Control—21–00–00

This account group includes the cost of items installed or commodities consumed which are charged to expense in connection with carrier operations. This account group includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. This account group excludes purchased services such as utilities, communications, postage and other items of similar nature. Its components shall be distributed to the following accounts:

Materials, Tools, Supplies, Fuels, Lubricants—Way and Structures—Running—21–11–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's roadway and track on the line of the road and outside of classification yards. Each account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials, and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Repair and Maintenance:	
Roadway	21–11–10
Tunnels and Subways	21–11–11
Bridges and Culverts	21–11–12
Ties	21–11–13
Rails and Other Track Material	21–11–14
Ballast	21–11–16
Signals and Interlockers	21–11–19
Dismantling Retired Property	21–11–39
Road Property and Equipment Damaged	21–11–48
Other—Other	21–11–99

Materials, Tools, Supplies, Fuels, Lubricants—Way and Structures—Switching—21–12–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's roadway and track within classification yards and stations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Repair and Maintenance:	
Roadway	21–12–10
Tunnels and Subways	21–12–11
Bridges and Culverts	21–12–12
Ties	21–12–13
Rails and Other Track Material	21–12–14
Ballast	21–12–16
Signals and Interlockers	21–12–19
Highway Grade Crossings	21–12–22
Dismantling Retired Property	21–12–29
Road Property and Equipment Damaged	21–12–48

Materials, Tools, Supplies, Fuels, Lubricants—Way and Structures—Other—21–13–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's structures not provided for in running or switching. Each account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Administration:	
Track	21–13–02
Bridges and Buildings	21–13–03
Signals	21–13–04
Communications	21–13–05
Other	21–13–06
Repair and Maintenance:	
Communication Systems	21–13–20
Power Systems	21–13–21
Station and Office Buildings	21–13–23
Shop Buildings—Locomotives	21–13–24
Shop Buildings—Freight Cars	*21–13–25
Shop Buildings—Other Equipment	21–13–26
Locomotive Servicing Facilities	21–13–27
Coal Terminals	*21–13–29
Ore Terminals	*21–13–30
TOFC/COFC Terminals	*21–13–31
Other Marine Terminals	*21–13–32
Motor Vehicle Loading and Distribution Facilities	*21–13–33
Facilities for Other Specialized Services Operations	*21–13–35
Roadway Machines	21–13–36
Snow Removal	21–13–38
Dismantling Retired Property	21–13–39
Road Property and Equipment Damaged	21–13–48
Other—Other	21–13–99

Materials, Tools, Supplies, Fuels, Lubricants—Equipment—Locomotives—21–21–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of locomotives, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Administration—General	21–21–01
Repair and Maintenance:	
Locomotives	21–21–41
Road Property and Equipment Damaged	21–21–48
Other—Other	21–21–99

Materials, Tools, Supplies, Fuels, Lubricants—Equipment—Freight Cars—21–22–XX*

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of freight-cars, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Administration—General	21–22–01
Repair and Maintenance:	
Dismantling Retired Property	21–22–39
Freight Cars	21–22–42
Road Property and Equipment Damaged	21–22–48
Other—Other	21–22–99

Materials, Tools, Supplies, Fuels, Lubricants—Equipment—Other Equipment—21–23–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of equipment by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Administration—General	21–23–01
Repair and Maintenance:	
Dismantling Retired Property	21–23–39
Trucks, Trailers, Containers in Revenue Service	*21–23–43
Floating Equipment—Revenue Service	*21–23–44
Passenger and Other Revenue Equipment	21–23–45
Computer Systems and Word Processing Equipment	21–23–46
Work and Other Non-Revenue Equipment	21–23–47
Road Property and Equipment Damaged	21–23–48
Shop Machinery—Locomotives	21–23–49
Shop Machinery—Freight Cars	*21–23–50
Shop Machinery—Other Equipment	21–23–51
Other—Other	21–23–99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Train—21–31–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with the dispatching and operation of freight trains over the charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Administration—General	21–31–01
Operations:	
Engine Crews	21–31–56
Train Crews	21–31–57
Dispatching Trains	21–31–58
Operating Switches, Signals, Interlockers, Retarders, Humps	21–31–59
Operating Drawbridges	21–31–60
Highway Crossing Protection	21–31–61
Train Inspection and Lubrication	21–31–62
Clearing Wrecks	21–31–63
Locomotive Fuels	21–31–67
Electric Power Purchased/Produced for Motive Power	21–31–68
Servicing Locomotives	21–31–69
Other—Other	21–31–99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Yard—21–32–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in and in terminal switching and transfer service. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Administration—General	21–32–01
Operations:	
Operating Switches, Signals, Interlockers, Retarders, Humps	21–32–59
Clearing Wrecks	21–32–63
Switch Crews	21–32–64
Controlling Operations	21–32–65
Yard and Terminal Clerical	21–32–66

Locomotive Fuel	21–32–67
Electric Power Purchased/Produced for Motive Power	21–32–68
Servicing Locomotives	21–32–69
Other—Other	21–32–99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Train and Yard Common—21–33–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed on behalf of both train and yard operations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, supplies, and similar items. Its components shall be distributed to the following functions in accordance with Instruction 3–2:

Operations:	
Cleaning Car Interiors	21–33–70
Adjusting, Transferring Loads.	*21–33–71
Car Loading Devices and Grain Doors.	*21–33–72

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Specialized Services—21–34–XX*

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Board appear within the explanation of specialized services. This account shall be subdivided by the following functions:

Administration—General	21–34–01
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	21–34–73
Loading, Unloading, and Local Marine	21–34–74
Protective Services	21–34–75
Other—Other	21–34–99

Materials, Tools, Supplies, Fuels, Lubricants—Transportation—Administrative Support—21–35–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with providing direct administrative support for the Transportation Activity. For further clarification refer to the explanation of the Administrative Support Operations Subactivity. This account shall be subdivided by the following functions:

Administration—General	21–35–01
Operations:	
Clerks, Accounting Employees	21–35–76
Communication Systems Operations	21–35–77
Loss and Damage Claims Processing	21–35–78
Other—Other	21–35–99

Materials, Tools, Supplies, Fuels, Lubricants—General and Administrative—21–61–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in providing overall administration or other general support for carrier operations. For further clarification refer to the definition of the General and Administrative Activity. This account shall be subdivided by the following functions:

Administration—General	21–61–01
General:	
Accounting, Auditing, Finance	21–61–86
Management Services and Data and Word Processing	21–61–87
Marketing	21–61–88
Sales	21–61–89
Industrial Development	*21–61–90
Legal and Secretarial	21–61–92
Public Relations and Advertising	21–61–93
Research and Development	21–61–94
Other—Other	21–61–99

Purchased Services

Control—30–00–00

This account may be used as a control account for all accounts in the PURCHASED SERVICES series:

Lease Rentals—Dr.
Lease Rentals—Cr.
Joint Facility Rent—Dr.
Joint Facility Rent—Cr.
Other Rents—Dr.
Other Rents—Cr.
Joint Facility—Dr.
Joint Facility—Cr.
Repairs Billed by Others—Dr.
Repairs Billed to Others—Cr.
Other Purchased Services

Lease Rentals—Debit—Control—31–00–00

This account series includes the rentals of road property and equipment with terms of 30 days or more. This account excludes joint facility and joint trackage rents, insurance and maintenance elements of lease payments, and

all elements of capital leases as defined in FASB Statement No. 13. Capitalized leases shall be included in the applicable property account for the particular asset leased [See Instruction 2–11b]. The components of this natural expense will be distributed to the following accounts in accordance with Instruction 3–2:

Lease Rentals—Dr.—Way and Structures—Running	31–11–00
Lease Rentals—Dr.—Way and Structures—Switching	31–12–00
Lease Rentals—Dr.—Way and Structures—Other	31–13–00
Lease Rentals—Dr.—Equipment—Locomotives	31–21–00
Lease Rentals—Dr.—Equipment—Freight Cars	*31–22–00
Lease Rentals—Dr.—Equipment—Other Equipment	31–23–00

Lease Rentals—Credit—Control—32–00–00

This account group includes the rentals of owned property and equipment or subleases of leased road property and equipment with terms of from 30 days to one year. Longer term leases are indicative of a noncarrier operation and all revenues and expenses related to such property and equipment should be classified accordingly and excluded from railroad operations. This account excludes joint facilities and joint trackage, capital leases, and portions of lease receipts covering maintenance and insurance. The components of this natural expense account will be distributed to the following accounts in accordance with Instruction 3–2:

Lease Rentals—Cr.—Way and Structures—Running	32–11–00
Lease Rentals—Cr.—Way and Structures—Switching	32–12–00
Lease Rentals—Cr.—Way and Structures—Other	32–13–00
Lease Rentals—Cr.—Equipment—Locomotives	32–21–00
Lease Rentals—Cr.—Equipment—Freight Cars	*32–22–00

Joint Facility Rents—Debits—Control—33–00–00

This account group includes amounts payable accrued as rent for equipment, tracks, yards, terminals, and other facilities owned or controlled by other carriers, companies, or individuals, and in the joint use of which the accounting company participates. Amounts paid or payable by the accounting company in reimbursement for taxes on property jointly used shall be charged to this account.

The cost of maintenance, operation, or administration of joint facilities, chargeable to the accounting company, shall be charged to the various joint facility accounts (37–XX–00). When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned between this account and Joint Facility—Dr. (37–XX–00). This apportionment shall be made by the operating company and shall be followed by the accounting company.

The components of this natural expense consist of the following accounts:

Joint Facility Rents—Dr.—Way and Structures—Running	33–11–00
Joint Facility Rents—Dr.—Way and Structures—Switching	33–12–00
Joint Facility Rents—Dr.—Way and Structures—Other	33–13–00
Joint Facility Rents—Dr. Equipment—Locomotives	*33–21–00
Joint Facility Rents—Dr. Equipment—Freight Cars	*33–22–00
Joint Facility Rents—Dr. Equipment—Other Equipment	33–23–00

Joint Facility Rents—Credit—Control—34–00–00

This account series includes amounts receivable accrued for rent of equipment, tracks, yards, terminals and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals. Amounts receivable from other companies in reimbursement for taxes on property jointly used shall be credited to this account.

The portion of the cost of maintenance, operation, or administration of joint facilities recoverable from others shall be credited to the various joint facility accounts (38–XX–00). When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per passenger, ton, car, or other unit, it shall be fairly apportioned by the creditor between this account and Joint Facility—Cr. (38–XX–00).

The components of this account series shall be distributed to the following accounts:

Joint Facility Rents—Cr.—Way and Structures—Running	34–11–00
Joint Facility Rents—Cr.—Way and Structures—Switching	34–12–00
Joint Facility Rents—Cr.—Way and Structures—Other	34–13–00
Joint Facility Rents—Cr.—Equipment—Locomotives	*34–21–00
Joint Facility Rents—Cr.—Equipment—Freight Cars	*34–22–00
Joint Facility Rents—Cr.—Equipment—Other Equipment	34–23–00

Other Rents—Debit—Control—35–00–00

This account group includes the rents with terms of less than 30 days which are not renewed. This account includes all time and mileage payments for interchange locomotive, freight car, and other revenue equipment hire. The components of this account will be distributed to the following accounts in accordance with Instruction 3–2:

Other Rents—Dr.—Way and Structures—Running	35–11–00
Other Rents—Dr.—Way and Structures—Switching	35–12–00
Other Rents—Dr.—Way and Structures—Other	35–13–00
Other Rents—Dr.—Equipment—Locomotives	35–21–00
Other Rents—Dr.—Equipment—Freight Cars	*35–22–00
Other Rents—Dr.—Equipment—Other Equipment	35–23–00

Other Rents—Credit—Control— 36–00–00

This account includes rents with terms of less than 30 days which are not renewed. This account includes all time and mileage receipts for interchanged locomotive, freight car, and other revenue equipment hire. The components of this account will be distributed to the following accounts in accordance with Instruction 3–2:

Other Rents—Cr.—Way and Structures—Running	36–11–00
Other Rents—Cr.—Way and Structures—Switching	36–12–00
Other Rents—Cr.—Way and Structures—Other	36–13–00
Other Rents—Cr.—Equipment—Locomotives	36–21–00
Other Rents—Cr.—Equipment—Freight Cars	*36–22–00
Other Rents—Cr.—Equipment—Other Equipment	36–23–00

Joint Facility—Debit—Control— 37–00–00

This account includes joint trackage and joint facility costs, exclusive of rents, payable by the railroad to others. The components of this account will be distributed to the following accounts in accordance with Instruction 3–2:

Joint Facility—Dr.—Way and Structures—Running	37–11–00
Joint Facility—Dr.—Way and Structures—Switching	37–12–00
Joint Facility—Dr.—Way and Structures—Other	37–13–00
Joint Facility—Dr.—Equipment—Locomotives	37–21–00
Joint Facility—Dr.—Equipment—Freight Cars	*37–22–00
Joint Facility—Dr.—Equipment—Other Equipment	37–23–00
Joint Facility—Dr.—Transportation—Train	37–31–00
Joint Facility—Dr.—Transportation—Yard	37–32–00
Joint Facility—Dr.—Transportation—Specialized Services	*37–34–00
Joint Facility—Dr.—Transportation—Administrative Support	37–35–00
Joint Facility—Dr.—General and Administrative	37–61–00

Joint Facility—Credit—Control— 38–00–00

This account group includes joint trackage and joint facility costs, exclusive of rents, payable by others to the railroad. The components of this account will be distributed to the following accounts in accordance with Instruction 3–2:

Joint Facility—Cr.—Way and Structures—Running	38–11–00
Joint Facility—Cr.—Way and Structures—Switching	38–12–00
Joint Facility—Cr.—Way and Structures—Other	38–13–00
Joint Facility—Cr.—Equipment—Locomotives	38–21–00
Joint Facility—Cr.—Equipment—Freight Cars	*38–22–00
Joint Facility—Cr.—Equipment—Other Equipment	38–23–00
Joint Facility—Cr.—Transportation—Train	38–31–00
Joint Facility—Cr.—Transportation—Yard	38–32–00
Joint Facility—Cr.—Transportation—Specialized Services	*38–34–00
Joint Facility—Cr.—Transportation—Administrative Support	38–35–00
Joint Facility—Cr.—General and Administrative	38–61–00

Repairs Billed by Others—Debit—Control—39–00–00

This account group includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property and equipment. The components of this account shall be distributed to the following accounts in accordance with Instruction 3–2:

Repairs Billed by Others—Dr.—Way and Structures—Running—39–11–XX

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property associated with the carrier's roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and Maintenance:

Roadway	39–11–10
Tunnels and Subways	39–11–11
Bridges and Culverts	39–11–12
Ties	39–11–13
Rails and Other Track Material	39–11–14
Ballast	39–11–16
Signals and Interlockers	39–11–19
Highway Grade Crossings	39–11–22
Road Property and Equipment Damaged	39–11–48

Repairs Billed by Others—Dr.—Way and Structures—Switching—39–12–XX

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property associated with the carrier's roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and Maintenance:

Roadway	39–12–10
Tunnels and Subways	39–12–11
Bridges and Culverts	39–12–12
Ties	39–12–13
Rails and Other Track Material	39–12–14
Ballast	39–12–16
Signals and Interlockers	39–12–19
Highway Grade Crossings	39–12–22
Road Property and Equipment Damaged	39–12–48

Repairs Billed by Others—Dr.—Way and Structures—Other—39–13–XX

This account includes amounts payable by the railroad to others for repair and maintenance of the carrier's structures other than roadway and track. This account shall be subdivided by the following functions:

Repair and Maintenance:

Communication Systems	39–13–20
Power Systems	39–13–21
Station and Office Buildings	39–13–23
Shop Buildings—Locomotives	39–13–24
Shop Buildings—Freight Cars	*39–13–25
Shop Buildings—Other Equipment	39–13–26
Locomotive Servicing Facilities	39–13–27
Miscellaneous Buildings and Structures	39–13–28
Coal Terminals	*39–13–29
Ore Terminals	*39–13–30
TOFC/COFC Terminals	*39–13–31
Other Marine Terminals	*39–13–32
Motor Vehicle Loading and Distribution Facilities	*39–13–33
Facilities for Other Specialized Services Operations	*39–13–35
Roadway Machines	39–13–36
Snow Removal	39–13–38
Road Property and Equipment Damaged	39–13–48

Repairs Billed by Others—Dr.—Equipment—Locomotives—39–21–XX

This account includes amounts payable by the railroad to others for repair and maintenance under the Locomotive subactivity. This account shall be subdivided by the following functions:

Repair and Maintenance:

Locomotives	39–21–41
Road Property and Equipment Damaged	39–21–48

Repairs Billed by Others—Dr.—Equipment—Freight Cars—39–22–XX*

This account includes amounts payable by the railroad to others for repair and maintenance under the Freight Car subactivity. This account shall be subdivided by the following functions:

Repair and Maintenance:

Freight Cars	39–22–42
Road Property and Equipment Damaged	39–22–48

Repairs Billed by Others—Dr.—Equipment Other Equipment—39–23–XX

This account includes amounts payable by the railroad to others for the repair and

maintenance of equipment not pertaining to the Locomotive or Freight Car subactivity. This account shall be subdivided by the following functions:

Repair and Maintenance:

Trucks, Trailers, and Containers in Revenue Service	*39–23–43
Floating Equipment—Revenue Service	*39–23–44
Passenger and Other Revenue Equipment	39–23–45
Computer Systems and Word Processing Equipment	39–23–46
Work and Other Non-Revenue Equipment	39–23–47
Road Property and Equipment Damaged	39–23–48
Shop Machinery—Locomotives	39–23–49
Shop Machinery—Freight Cars	*39–23–50
Shop Machinery—Other Equipment	39–23–51

Repairs Billed to Others—Cr.—Control 40–00–00

This account series includes amounts payable by others to the railroad for repair and maintenance of others' road property and equipment. The components of this account shall be distributed to the following accounts in accordance with Instruction 3–2:

Repairs Billed to Others—Cr.—Way and Structures— Running—40–11–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and Maintenance:

Roadway	40–11–10
Tunnels and Subways	40–11–11
Bridges and Culverts	40–11–12
Ties	40–11–13
Rails and Other Track Material	40–11–14
Ballast	40–11–16
Signals and Interlockers	40–11–19
Highway Grade Crossings	40–11–22
Road Property and Equipment Damaged	40–11–48

Repairs Billed to Others—Cr.—Way and Structures Switching—40–12–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and Maintenance:

Roadway	40–12–10
Tunnels and Subways	40–12–11
Bridges and Culverts	40–12–12
Ties	40–12–13
Rails and Other Track Material	40–12–14
Ballast	40–12–16
Signals and Interlockers	40–12–19
Highway Grade Crossings	40–12–22
Road Property and Equipment Damaged	40–12–48

Repairs Billed to Others—Cr.—Way and Structures— Other—40–13–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' structures other than roadway and track. This account shall be subdivided by the following functions:

Repair and Maintenance:

Communication Systems	40–13–20
Power Systems	40–13–21
Station and Office Buildings	40–13–23
Shop Buildings Locomotives	40–13–24
Shop Buildings—Freight Cars	*40–13–25
Shop Buildings—Other Equipment	40–13–26
Locomotive Servicing Facilities	40–13–27
Miscellaneous Buildings and Structures	40–13–28
Coal Terminals	*40–13–29
Ore Terminals	*40–13–30
TOFC/COFC Terminals	*40–13–31
Other Marine Terminals	*40–13–32
Motor Vehicle Loading and Distribution Facilities	*40–13–33
Facilities for Other Specialized Services Operations	*40–13–35
Roadway Machines	40–13–36
Snow Removal	40–13–38
Road Property and Equipment Damaged	40–13–48

Repairs Billed to Others—Cr.—Equipment Locomotives—40–21–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' locomotives. This account shall be subdivided by the following functions:

Repair and Maintenance:

Locomotives	40–21–41
Road Property and Equipment Damaged	40–21–48

Repairs Billed to Others—Cr.—Equipment—Freight Cars—40–22–XX*

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' freight cars. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Freight Cars	40–22–42
Road Property and Equipment Damaged	40–22–48

Repairs Billed to Others—Cr.—Equipment—Other Equipment—40–23–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' other equipment. Each account shall be subdivided by the following functions:

Repair and Maintenance:	
Trucks, Trailers, and Containers in Revenue Service	*40–23–43
Floating Equipment—Revenue Service	*40–23–44
Passenger and Other Revenue Equipment	40–23–45
Computer Systems and Word Processing Equipment	40–23–46
Road Property and Equipment Damaged	40–23–48
Shop Machinery—Locomotives	40–23–49
Shop Machinery—Freight Cars	*40–23–50
Shop Machinery—Other Equipment	40–23–51

Other Purchased Services—Control—41–00–00

This account group includes amounts charged or credited to operating expenses for purchased advertising; purchased printing; outside professional services such as legal, accounting, audit, engineering, and consulting; payments for detour of trains; utilities, telephone, postage, subscriptions, communications, purchased electric power for train and locomotive propulsion; and other services purchased. The components of this account group shall be distributed to the following accounts in accordance with Instruction 3–2:

Other Purchased Services—Way and Structures—Running—41–11–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	41–11–10
Tunnels and Subways	41–11–11
Bridges and Culverts	41–11–12
Ties	41–11–13
Rails and Other Track Material	41–11–14
Ballast	41–11–16
Signals and Interlockers	41–11–19
Highway Grade Crossings	41–11–22
Dismantling Retired Property	41–11–39
Road Property and Equipment Damaged	41–11–48
Other—Other	41–11–99

Other Purchased Services—Way and Structures—Switching—41–12–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	41–12–10
Tunnels and Subways	41–12–11
Bridges and Culverts	41–12–12
Ties	41–12–13
Rails and Other Track Material	41–12–14
Ballast	41–12–16
Signals and Interlockers	41–12–19
Highway Grade Crossings	41–12–22
Dismantling Retired Property	41–12–39
Road Property and Equipment Damaged	41–12–48
Other—Other	41–12–99

Other Purchased Services—Way and Structures—Other—41–13–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration:	
Track	41–13–02
Bridges and Buildings	41–13–03
Signals	41–13–04
Communications	41–13–05
Other	41–13–06
Repair and Maintenance:	
Communication Systems	41–13–20
Power Systems	41–13–21
Station and Office Buildings	41–13–23
Shop Buildings—Locomotives	41–13–24
Shop Buildings—Freight Cars	*41–13–25
Shop Buildings—Other Equipment	41–13–26
Locomotive Servicing Facilities	41–13–27
Miscellaneous Buildings and Structures	41–13–28
Coal Terminals	*41–13–29

Ore Terminals *41–13–30
TOFC/COFC Terminals *41–13–31
Other Marine Terminals *41–13–32
Motor Vehicle Loading and Distribution Facilities *41–13–33
Facilities for Other Specialized Services Operations *41–13–35
Roadway Machines 41–13–36
Snow Removal 41–13–38
Dismantling Retired Property 41–13–39
Road Property and Equipment Damaged 41–13–48
Other—Other 41–13–99

Other Purchased Services—Equipment—Locomotives—41–21–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administrative—General 41–21–01
Repair and Maintenance:
Dismantling Retired Property 41–21–39
Locomotives 41–21–41
Road Property and Equipment Damaged 41–21–48
Other—Other 41–21–99

Other Purchased Services—Equipment—Freight Cars—41–22–XX*

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administrative—General 41–22–01
Repair and Maintenance:
Dismantling Retired Property 41–22–39
Freight Cars 41–22–42
Road Property and Equipment Damaged 41–22–48
Other—Other 41–22–99

Other Purchased Services—Equipment—Other Equipment—41–23–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administrative—General 41–23–01
Repair and Maintenance:
Dismantling Retired Property 41–23–39
Trucks, Trailers, Containers in Revenue Service 41–23–43
Floating Equipment—Revenue Service *41–23–44
Passenger and Other Revenue Equipment 41–23–45
Computer Systems and Word Processing Equipment 41–23–46
Work and Other Non–Revenue Equipment 41–23–47
Road Property and Equipment Damaged 41–23–48
Shop Machinery—Locomotives 41–23–49
Shop Machinery—Freight Cars *41–23–50
Shop Machinery—Other Equipment 41–23–51
Other—Other 41–23–99

Other Purchased Services—Transportation—Train—41–31–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—General 41–31–01
Operations:
Engine Crews 41–31–56
Train Crews 41–31–57
Dispatching Trains 41–31–58
Operating Switches, Signals, Interlockers, Retarders, Humps 41–31–59
Operating Drawbridges 41–31–60
Highway Crossing Protection 41–31–61
Train Inspection and Lubrication 41–31–62
Clearing Wrecks 41–31–63
Locomotive Fuel 41–31–67
Electric Power Purchased/Produced for Motive Power 41–31–68
Servicing Locomotives 41–31–69
Other—Other 41–31–99

Other Purchased Services—Transportation—Yard—41–32–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—General 41–32–01
Operations:
Operating Switches, Signals, Interlockers, Retarders, Humps 41–32–59
Clearing Wrecks 41–32–63
Switch Crews 41–32–64
Controlling Operations 41–32–65
Yard and Terminal Clerical 41–32–66
Locomotive Fuel 41–32–67
Electric Power Purchased/Produced for Motive Power 41–32–68
Servicing Locomotives 41–32–69
Other—Other 41–32–99

Other Purchased Services—Transportation—Train and Yard Common—41–33–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Operations:	
Cleaning Car Interiors	41–33–70
Adjusting, Transferring Loads	41–33–71
Car Loading Devices and Grain Doors	41–33–72

Other Purchased Services—Transportation—Specialized Services—41–34–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—General	41–34–73
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	41–34–73
Loading, Unloading, and Local Marine	41–34–74
Protective Services	41–34–75
Other—Other	41–34–99

Other Purchased Services—Transportation—Administrative Support—41–35–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—General	41–35–01
Operations:	
Clerks, Accounting Employees	41–35–76
Communication Systems Operations	41–35–77
Loss and Damage Claims Processing	41–35–78
Other—Other	41–35–99

Other Purchased Services—General and Administrative—41–61–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—General	41–61–01
General:	
Accounting, Auditing, Finance	41–61–86
Management Services and Data and Word Processing	41–61–87
Marketing	41–61–88
Sales	41–61–89
Industrial Development	*41–61–90
Personnel and Labor Relations	41–61–91
Legal and Secretarial	41–61–92
Public Relations and Advertising	41–61–93
Research and Development	41–61–94
Other—Other	41–61–99

Claims and Insurance

Control—50–00–00

This account may be used as a control account for all accounts in the CLAIMS AND INSURANCE series: Loss and Damage Claims, Other Casualties, Insurance.

Loss and Damage Claims—Control—51–00–00

This account series includes amounts payable to compensate for the loss or damage of freight or other goods carried in revenue service. Loss and damage claims should not be allocated. When specific identification of loss and damage claims is possible, the related expenses shall be directly assigned to the Train, Yard, or Specialized service Subactivity. If a solely related determination cannot be made the loss and damage claim shall be charged to the Train and Yard Subactivity. This account series excludes amounts payable to employees or other parties for injuries sustained or loss of life; for damage to real property of others or personal property not carried in revenue services; all payments for other damages of any kind; and related insurance premiums. These costs are appropriately charged to the following accounts:

Loss and Damage Claims—Transportation—Train	51–31–00
Loss and Damage Claims—Transportation—Yard	51–32–00
Loss and Damage Claims—Transportation—Train and Yard Common	51–33–00
Loss and Damage Claims—Transportation—Specialized Services	*51–34–00

Other Casualties—Control—52–00–00

This account includes amounts payable to employees or other parties for

injuries sustained or loss of life in connection with the construction, maintenance, operations, and administration of railroad property and equipment; for damage to real property, property of others or personal property not carried in revenue service; all payments for other damages of any kind. This account excludes freight and other goods carried in a revenue service, and insurance premiums related to the casualties chargeable to this account.

NOTE: The costs of clearing wrecks and repairing casualty-caused damage to the railroad's property and equipment are properly classified under other natural expense accounts as appropriate and further classified by relevant activities and functions. These costs are appropriately charged to the following accounts:

Other Casualties—Way and Structures—Running	52–11–00
Other Casualties—Way and Structures—Switching	52–12–00
Other Casualties—Way and Structures—Other	52–13–00
Other Casualties—Equipment—Locomotives	52–21–00
Other Casualties—Equipment—Freight Cars	*52–22–00
Other Casualties—Equipment—Other Equipment	52–34–00
Other Casualties—Transportation—Train	52–31–00
Other Casualties—Transportation—Yard	52–32–00
Other Casualties—Transportation—Specialized Services	*52–34–00
Other Casualties—Transportation—Administrative Support	52–35–00
Other Casualties—General and Administrative	52–61–00

Insurance—Control—53–00–00

This account series include premiums for insurance to cover property and equipment loss and damage, liability, business interruption, and the like. These costs are appropriately charged to the following accounts:

Insurance—Way and Structures—Running	53–11–00
Insurance—Way and Structures—Switching	53–12–00
Insurance—Way and Structures—Other	53–13–00
Insurance—Equipment—Locomotives	53–21–00
Insurance—Equipment—Freight Cars	*53–22–00
Insurance—Equipment—Other Equipment	53–23–00
Insurance—Transportation—Train	53–31–00
Insurance—Transportation—Yard	53–32–00
Insurance—Transportation—Specialized Services	*53–34–00
Insurance—Transportation—Administrative Support	53–35–00
Insurance—General and Administrative	53–61–00

General

Control—60–00–00

This account may be used as a control account for all accounts in the GENERAL series: Other Expenses, Depreciation, Uncollectible Accounts, Property Taxes, Other Taxes.

Other Expenses—Control—61–00–00

This account series includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property and equipment retirement losses, and other items of a general nature.

Other Expenses—Way and Structures—Running—61–11–XX

Each account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature associated with the carrier's roadway and track on the line of road and outside of classification yards. Each account shall be subdivided by the following functions:

Repair Maintenance:	
Roadway	61–11–10
Tunnels and Subways	61–11–11
Bridges and Culverts	61–11–12
Ties	61–11–13
Rails and Other Track Material	61–11–14
Ballast	61–11–16
Signals and Interlockers	61–11–19
Highway Grade Crossings	61–11–22
Dismantling Retired Property	61–11–39
Road Property and Equipment Damaged	61–11–48
Other—Other	61–11–99

Other Expenses—Way and Structures—Switching—61–12–XX

Each account includes amount charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement

losses, and other items of a general nature associated with the carrier's roadway and track within classification yards and stations. Each account shall be subdivided by the following functions:

Repair and Maintenance:	
Roadway	61–12–10
Tunnels and Subways	61–12–11
Bridges and Culverts	61–12–12
Ties	61–12–13
Rails and Other Track Material	61–12–14
Ballast	61–12–16
Signals and Interlockers	61–12–19
Highway Grade Crossings	61–12–22
Dismantling Retired Property	61–12–39
Road Property and Equipment Damaged	61–12–48
Other—Other	61–12–99

Other Expenses—Way and Structures—Other—61–13–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature associated with the carrier's structures other than roadway and track. This account shall be subdivided by the following functions:

Administration:	
Track	61–13–02
Bridges and Buildings	61–13–03
Signals	61–13–04
Communications	61–13–05
Other	61–13–06
Repair and Maintenance:	
Communication Systems	61–13–20
Power Systems	61–13–21
Station and Office Buildings	61–13–23
Shop Buildings—Locomotives	61–13–24
Shop Buildings—Freight Cars	*61–13–25
Shop Buildings—Other Equipment	61–13–26
Locomotive Servicing Facilities	61–13–27
Miscellaneous Buildings and Structures	61–13–28
Coal Terminals	*61–13–29
Ore Terminals	*61–13–30
TOFC/COFC Terminals	*61–13–31
Other Marine Terminals	*61–13–32
Motor Vehicle Loading and Distribution Facilities	*61–13–33
Facilities for Other Specialized Services Operations	*61–13–35
Roadway Machines	61–13–36
Snow Removal	61–13–38
Dismantling Retired Property	61–13–39
Road Property and Equipment Damaged	61–13–48
Other—Other	61–13–99

Other Expenses—Equipment—Locomotives 61–21–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees and equipment retirement losses, associated with the repair and maintenance of locomotives, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	61–21–01
Repair and Maintenance:	
Dismantling Retired Property	61–21–39
Locomotives	61–21–41
Road Property and Equipment Damaged	61–21–48
Other—Other	61–21–99

Other Expenses—Equipment—Freight Cars—61–22–XX*

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, equipment retirement losses, associated with the repair and maintenance of freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	61–22–01
Repair and Maintenance:	
Dismantling Retired Property	61–22–39
Freight Cars	61–22–42
Road Property and Equipment Damaged	61–22–48
Other—Other	61–22–99

Other Expenses—Equipment—Other Equipment—61–23–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, equipment retirement losses, associated with the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—General	61–23–01
Repair and Maintenance:	
Dismantling Retired Property	61–23–39
Trucks, Trailers, Containers in Revenue Service	*61–23–43
Floating Equipment—Revenue Service	*61–23–44
Passenger and Other Revenue Equipment	61–23–45

Computer Systems and Word Processing Equipment	61–23–46
Work and Other Non–Revenue Equipment	61–23–47
Road Property and Equipment Damaged	61–23–48
Shop Machinery—Locomotives	61–23–49
Shop Machinery—Freight Cars	*61–23–50
Shop Machinery—Other Equipment	61–23–51
Other—Other	61–23–99

Other Expenses—Transportation—Train—61–23–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, associated with the dispatching and operations of freight-trains over the roadway and outside of classification yards. This account shall be subdivided by the following functions:

Administration—General	61–31–01
Operations:	
Engine Crews	61–31–56
Train Crews	61–31–57
Dispatching Trains	61–31–58
Operating Switches, Signals, Interlockers, Retarders, Humps	61–31–59
Operating Drawbridges	61–31–60
Highway Crossing Protection	61–31–61
Train Inspection and Lubrication	61–31–62
Clearing Wrecks	61–31–63
Locomotive Fuel	61–31–67
Electric Power Purchased/Produced for Motive Power	61–31–68
Servicing Locomotives	61–31–69
Other—Other	61–31–99

Other Expenses—Transportation—Yard—61–32–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature associated with the movement of freight cars within classification yards and in terminal switching and transfer service. This account shall be subdivided by the following functions:

Administration—General	61–32–01
Operations:	
Operating Switches, Signals, Interlockers, Retarders, Humps	61–32–59
Clearing Wrecks	61–32–63
Switch Crews	61–32–64
Controlling Operations	61–32–65
Yard and Terminal Clerical	61–32–66
Locomotive Fuel	61–32–67
Electric Power Purchased/Produced for Motive Power	61–32–68
Servicing Locomotives	61–32–69
Other—Other	61–32–99

Other Expenses—Transportation—Specialized Services—61–34–XX*

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Board appear within the explanation of activities/ subactivities. This account shall be subdivided by the following functions:

Administration—General	61–34–01
Operations:	
Pick Up and Delivery, Marine Line Haul, and Rail Substitute Service	61–34–73
Loading, Unloading, and Local Marine	61–34–74
Protective Services	61–34–75
Other—Other	61–34–99

Other Expenses—Transportation—Administrative Support—61–35–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in association with providing direct administrative support for the Transportation Activity. This account shall be subdivided by the following functions:

Administration—General	61–35–01
Operations:	
Clerks, Accounting Employees	61–35–76
Communication Systems Operations	61–35–77
Loss and Damage Claims Processing	61–35–78
Other—Other	61–35–99

Other Expenses—General and Administrative—61–61–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in providing overall administration or other support for carrier operations. This account shall be subdivided by the following functions:

Administration—General	61–61–01

General:	
Accounting, Auditing, Finance	61–61–86
Management Services and Data Processing	61–61–87
Marketing	61–61–88
Sales	61–61–89
Industrial Development	*61–61–90
Personnel Labor Relations	61–61–91
Legal and Secretarial	61–61–92
Public Relations and Advertising	61–61–93
Research and Development	61–61–94
Other—Other	61–61–99

Depreciation—Control—62–00–00

This account group includes the amounts charged to operating expenses for depreciation of owned road property and equipment, and the depreciation element of road property held under capital lease in accordance with FASB Statement No. 13. These costs are appropriately charged to the following accounts:

Depreciation—Way and Structures—Running	62–11–00
Depreciation—Way and Structures—Switching	62–12–00
Depreciation—Way and Structures—Other	62–13–00
Depreciation—Equipment—Locomotives	62–21–00
Depreciation—Equipment—Freight Cars	*62–22–00
Depreciation—Equipment—Other Equipment	62–23–00

Uncollectible Accounts—Control— 63–00–00

This account includes charges to operating expenses for the writedown of accounts and notes due to the railroad, whether classified as current or long-term. This account includes any credits to allowance accounts for collectibility and total writeoff of receivables. This account does not include writedowns of property, equipment, or investments (except accounts, notes, or other receivables held as investments). Proper adjustments of incorrect receivables are not to be charged to this account. Collections of amounts previously written off or down are to be credited to this account. The total of this account shall be charged to the following account:

Uncollectible Accounts—General and Administrative	63–61–00

Property Taxes—Control—64–00–00

This account includes only taxes based on the value of real estate and personal property used in railroad operations. The total of this account shall be charged to the following account:

Property Taxes—General and Administrative	64–61–00

Other Taxes—Control—65–00–00

This account includes taxes on gross receipts, franchise fees, excise taxes, and similar items. This account excludes property taxes and taxes chargeable as employee benefits. The total of this account shall be charged to the following account:

Other Taxes—General and Administrative	65–61–00

OPERATING EXPENSE ACCOUNTS

Section 2—Activity/Subactivity Explanations

Way and Structures Activity—(XX–10–XX)

(A) *Way and Structures* activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring right-of-way and trackage, structures, buildings, and facilities. It includes all natural expense object subclassifications such as salaries and wages, fringe benefits, material and supplies, lease rentals, purchased services, casualties, depreciation and retirements, where such objects are in the performance or support of the above functions. Specifically included are all natural expense objects in the performance of the above described functions on property of the type included in property accounts 2 through 45, excluding 44, whether such property is owned or leased. It includes the costs of operating work trains in support of this activity.

This activity excludes all expenses related to transportation and other equipment described in property accounts 44, 46 and 52 through 58, all of which should be charged to the Equipment activity. It also excludes expenses in performance or support of Transportation, General and Administrative activities, property used for noncarrier operations, non-operating

property, and interest or other fixed charges.

Running Subactivity—(XX–11–XX)

(1) *Running* subactivity of the Way and Structures activity refers to the functions of repairing, maintaining, leasing, renting, depreciating, and retiring right-of-way, trackage, signals and interlockers, and highway grade crossings for running tracks, passing tracks, crossovers, etc., including turnouts from those tracks, passing clearance points. It includes all natural expense object subclassifications under the Way and Structures activity that are applicable to right-of-way and trackage as defined above. This subactivity specifically excludes expenses incurred in operating signals and interlockers and highway grade crossings, which are properly charged to the Transportation activity.

Switching Subactivity—(XX–12–XX)

(2) *Switching* subactivity of the Way and Structures activity refers to the function of repairing, maintaining, leasing, renting, depreciating, and retiring right-of-way, trackage, signals and interlockers, and highway grade crossings for yards where separate switching services are maintained, including classification, house, team, industry, and other tracks switched by yard locomotives, and for station, team, industry, and other switching tracks for which no separate switching service is maintained. It includes all natural expense object subclassifications under the Way and Structures activity that are applicable to right-of-way and trackage as defined above. This subactivity specifically excludes expenses incurred in operating signals and interlockers, and highway grade crossings, which are properly charged to the Transportation activity.

Other Subactivity—(XX–13–XX)

(3) *Other* subactivity of the Way and Structures activity refers to the function of repairing, maintaining, leasing, renting, depreciating, and retiring other roadway property structures, buildings, and facilities not provided for in the Running and Switching subactivities. It includes all natural expense object subclassifications under the Way and Structures activity that are applicable to the structures, buildings, and facilities as defined above. The specifically excludes expenses incurred in operating such structures, buildings, and facilities, which are properly charged to the Equipment, Transportation, and General and Administrative activities.

Equipment Activity—(XX–20–XX)

(B) *Equipment* activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring transportation and other operating equipment. It includes all natural expense object subclassifications such as salaries and wages, fringe benefits, material and supplies, lease rentals, purchased services, casualties, depreciation, and retirements. Specifically included are all natural expense objects in the performance of the above functions on property of the type included in property accounts 44, 46 and 52 through 58, whether such property is owned or leased. The costs of operating work trains in support of the Equipment activity are to be included herein.

This activity excludes all expenses related to road property as described in property accounts 2 through 45, excluding account 44, all of which should be charged to the Way and Structures activity. It also excludes expenses in performance of, or support for Transportation, General and Administrative activities, property used for noncarrier operations, nonoperating property, and interest or other fixed charges.

Locomotives Subactivity—(XX–21–XX)

(1) *Locomotives* subactivity of the Equipment activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring locomotives. It includes all natural expense object subclassifications under the Equipment activity that are applicable to locomotives. This subactivity specifically excludes expenses incurred in operating locomotives, such as locomotive fuel and lubricants, train crew wages, operating supplies, servicing (as opposed to maintaining or repairing), and cleaning which are includable in the Transportation activity, except when locomotive use is clearly in support of other activities or subactivities. When

locomotives are operated in support of repairing or maintaining locomotives, the operating costs shall be charged to this subactivity.

Freight Train Cars Subactivity—(XX–22–XX)

(2) *Freight Train Cars* subactivity of the Equipment activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring freight train cars. It includes all natural expense object subclassifications under the Equipment activity that are applicable to freight train cars. This subactivity pertains to all freight train cars described in property account 53, whether owned or leased, including freight cars used for hauling freight in company service and cabooses. It does not pertain to work equipment. This subactivity specifically excludes expenses incurred in running trains or operating freight cars, such as for locomotive fuel and lubricants, train crew wages, inspecting trains, operating supplies, servicing (as opposed to maintaining or repairing), and cleaning, which are includable in the Transportation activity, except where such costs are clearly in support of repairing or maintaining freight cars, other activities or subactivities. When locomotives or trains are operated in support of repairing or maintaining freight cars, the operating costs shall be charged to this subactivity.

Other Equipment Subactivity—(XX–23–XX)

(3) *Other Equipment* subactivity of the Equipment activity refers to repairing, maintaining, leasing, renting, depreciating, and retiring other equipment. It includes all natural expense object subclassifications under the Equipment activity which are applicable to other equipment. The subactivity pertains to all equipment described in property accounts 44, 46 and 54 through 58, whether such property is owned or leased. This subactivity specifically excludes expenses incurred in operating other equipment, such as for fuel and lubricants, crew wages, inspecting equipment, operating supplies, servicing (as opposed to maintaining or repairing), and cleaning, which are includible in the Transportation activity, except where such costs are clearly in support of other activities or subactivities. When locomotives, trains, or other equipment are operating in support of repairing or maintaining other equipment, the operating costs shall be charged to this subactivity.

Transportation Activity—(XX–30–XX)

(C) *Transportation* activity refers to operating, servicing, inspecting, weighing, assembling, and switching trains; operating highway revenue services; operating facilities in connection with carrier transportation operations including coal and ore terminals, intermodal terminals, terminal grain elevators, and others; operating carfloat and carferry services and related facilities; operating communications systems which primarily support train operations; and joint facility transportation operations. It includes various administrative functions directly supporting transportation operations including those described in the Administrative Support Operations subactivity. Work train costs in support of the Way and Structures or the Equipment activities should be charged to those activities. However, shipments of company materials, handled in predominantly revenue freight trains, are appropriately included in this activity. This activity includes all natural expense object subclassifications such as salaries and wages, fringe benefits, material and supplies, purchased services, lost or damaged freight, and casualties.

Train Operations Subactivity—(XX–31–XX)

This activity excludes all expenses assignable to the Way and Structures, Equipment, and General and Administrative activities, as well as those expenses for noncarrier operations and nonoperating functions.

(1) *Train Operations* subactivity of the Transportation activity refers to operations of all trains except those performing yard functions in terminals. It includes running trains in road or way service; switching trains except where such switching is performed within yards or terminals; and making customer pick-ups and deliveries except in yards and terminals.

It also provides for dispatching, controlling, reporting, and monitoring road train movements; inspecting and lubricating trains; servicing, fueling, and cleaning (not repairing or maintaining) locomotives; purchasing or producing electric power for motive power; and operating supporting activities such as communications, signaling, crossing protection, and interlockings.

This subactivity also includes crew calling and transporting; crew lodging, meals, and other expenses; lost or damaged freight; casualties and insurance; clearing wrecks; and operating joint tracks and facilities except for yards or specialized services. It also includes salaries and wages, fringe benefits, material and supplies, fuel and lubricants, purchased services, casualty and damages, and other natural expense elements incurred in operating trains.

The Train Operations subactivity excludes the operation of specialized services, all of which should be charged to the Specialized Services Operations subactivity. However, road or way switching between trains and specialized service facilities outside of terminal areas belongs to the Train Operations subactivity.

Work and other nonrevenue train operating costs are to be charged to the appropriate supported activity. Shipments of company materials normally should be charged to this subactivity, except where the train movement is exclusively or predominantly for such nonrevenue purpose where the supported activity should bear the train operating costs.

Yard Operations Subactivity—(XX–32–XX)

(2) *Yard Operations* subactivity of the Transportation activity refers to classifying cars to make-up or breakdown trains; sorting and handling waybills in connection with freight car classification and switching in yards or terminals; inspecting, servicing, fueling, and cleaning (not repairing or maintaining) locomotives and cabooses used to provide yard or terminal services; purchasing or producing electric power for motive power; diverting or holding cars; and reporting operating and car movement data related to yards and terminals. It also includes operating supporting activities in yards or terminals, such as communications, signaling, and interlockings; yard crew calling and transporting; yard crew lodging, meals, and other expenses; lost or damaged freight specifically traceable to occurrences resulting from the performance of yard operations; casualties and insurance related to yard operations; clearing wrecks which occurred in the performance of yard operations; and operating joint yards and terminals.

Within terminals, this subactivity includes pick-up or delivery of freight cars from or to customer spur tracks, team tracks, freight houses, interchange tracks, rip tracks, and specialized service facilities. It also includes salaries and wages, fringe benefits, material and supplies, fuel and lubricants, purchased services, casualty and damages, and other natural expense elements incurred in operating yards and terminals.

The Yard Operations subactivity includes the cost of switching operations within facilities for Specialized Services and switching or transfer operations between yards and the specialized service facilities. The latter is not limited or affected by definitions or restrictions contained in carrier operating rules or labor agreements. It is related solely to the defined operations when they are performed in a yard or terminal area.

Train and Yard Common Subactivity—(XX–33–XX)

(3) *Train and Yard Common* subactivity of the Transportation activity refers to the function of adjusting and transferring loads; and placing and removing car loading devices and grain doors. It also includes lost or damaged freight not specifically traceable to numerous activities resulting from performance of train, yard, or specialized services operations. It also includes salaries and wages, fringe benefits, material and supplies, purchased services, and other natural expense elements incurred in performing the functions defined above. It excludes the natural expense elements of casualties and insurance, which shall be charged to the

Train Operations and Yard Operations subactivities.

Specialized Services Operations Subactivity—(XX–34–XX)

(4) *Specialized Services Operations* subactivity of the Transportation activity refers to operating services which are specialized in nature and in cost characteristics, including all of those so designated by the Board. The purpose of segregating the cost of such services is primarily to preclude distortion of general costs applicable to the Train Operations and Yard Operations subactivities. Secondarily, further breakout of the costs of operating individual specialized services can be provided in less detail than the full range of natural expense accounts, in reports used for recurring cost analysis purposes pertaining to each type of specialized service.

The designated specialized services operations are as follows:

(a) *TOFC/COFC Operations* refers to the function of operating rail-to-ground or water and ground or water-to-rail transfer facilities for handling trailers or containers, including related storage; and the highway movement of trailers or containers within a terminal area for purposes of pick-up, delivery, or interchange.

The service includes loading, tie-down, and/or unloading flat cars or dollies and piggyback trailers to or from highway tractors; moving trailers, dollies, or containers within the facility; servicing, cleaning, and fueling (but not repairing or maintaining) facility equipment; operating storage areas; and casualties, claims, and insurance relating to the facility.

TOFC/COFC Operations do not include Plan V or other arrangements, where there is a division of revenues between the rail and motor carrier. They do not include switching services performed within the facility by yard or road crews. They also do not include the functions of the Way and Structures, Equipment, and General and Administrative activities, or the Train, Yard, Train and Yard Common, or Administrative Support Operations subactivities.

(b) *Floating Operations* refers to operations of water vessels and equipment in revenue service. They include the operation of carferries, tugs, barges, lighterage, and all other forms of water craft.

Floating operations exclude operations includable in the Administrative Support Operations subactivity, and the switching transfer of cars between general yards or trains and the facility or a dedicated yard serving the facility, or switching within the dedicated supporting terminal facility when performed by yard crews. They also do not include costs appropriate to the Way and Structures, Equipment, or General and Administrative activities.

Floating operations should be classified by line and terminal operations. The distribution should be made based on the nature of the operation and not the facility or equipment. When the service occurs between distinct terminals, the operation should be considered a line operation. When the service is conducted within a general terminal or harbor area, the operation should be considered a terminal operation.

(c) *Coal Terminal Operations and Ore Terminal Operations* refers to operations of rail-to-water or water-to-rail transloading facilities for coal or for ores, including related storage, blending, and other processing or handling at the facility. These operations include loading and/or unloading rail cars or water vessels at the facility; moving commodities within the facility by whatever means; operating the facility's pollution control equipment; operating and directing the operations of moorings and tugboats; servicing, cleaning, and fueling (but not repairing or maintaining) facility equipment; operating storage areas; and casualties, claims, and insurance relating to the facility.

These terminal operations do not include costs appropriate to the Way and Structures, Equipment, or General and Administrative activities. They also do not include costs appropriate to the Train Operations, Yard Operations, Train and Yard Operations Common, or Administrative Support Services Operations subactivities. Switching transfer of cars between general yards or trains and the facility or a dedicated yard serving the facility and switching

within the dedicated supporting terminal facility when performed by yard crews should be charged to the Yard Operations subactivity.

(d) *Other Marine Terminal Operations* refers to the operations of marine terminals other than those for which a separate designated specialized service operation category is provided.

(e) *Motor Vehicle Loading and Distribution Facility Operations* refers to the operations of facilities for loading, unloading, or storing motor vehicles.

(f) *Protective Service Operations* refers to the function of servicing, cleaning, and fueling (but not repairing or maintaining) mechanical protective service equipment.

(g) *Other Specialized Services Operations* refers to the function of performing rail substitute service, other highway revenue service, LCL terminal operations, warehouse operations, freight car transloading, grain elevator terminal operations, livestock feeding operations, and other specialized services designated by the Board. It includes the transportation operating expenses of only those services listed above.

Administrative Support Operations Subactivity—(XX–35–XX)

(5) *Administrative Support Operations* subactivity refers to operations providing direct administrative support to the overall Transportation activity. It includes administrative support for the Common, and the Specialized Services Operations subactivities. The administrative support operations includes receiving and processing customer orders, requesting cars, preparing waybills, rating shipments, billing customers, collecting customer receivables in the ordinary course of business (not to include treasury, legal, general accounting, revenue accounting, or credit operations, all of which are chargeable to the General and Administrative activity), billing and recording demurrage, reporting interchanges, reporting advances, and the initial reporting and summarization of input documents for purposes of cash collection and accounting. Any operations beyond the initial summarization and reporting of input data are assignable to the General and Administrative activity except for those otherwise included in the definition of this subactivity.

Carrier staff, administrative, or clerical operations related to operating or transportation department general administration should not be charged to this subactivity. The Administrative Support Operations subactivity may be performed at local stations, regional offices, or even at the general offices; however, the location of the operation performance does not affect its nature. The operations included in this subactivity should reasonably correlate to the quantity of shipments or to the quantity of carloadings.

General and Administrative Activity—(XX–60–XX)

(D) *General and Administrative* activity refers to the providing of overall administration or other general support for carrier operations. It comprehends only that portion of general and administrative activities that relates to carrier operations (as distinguished from noncarrier operations or nonoperating activities) including executive, legal, financial, treasury, accounting, budgeting, taxation, corporate planning, costing, marketing, advertising, traffic, corporate secretary, public relations, real estate, insurance administration, personnel administration, pension plan administration, general purchasing, labor relations, internal auditing, industrial engineering, and regulatory reporting.

This activity excludes expenses incurred for noncarrier operations of the carrier company as well as for general administration of the corporate entity and nonoperating income or expenses. It also excludes expenses in performance of or direct support for Way and Structures, Equipment, and Transportation activities, with particular attention to the Administrative Support Operations subactivity.

OPERATING EXPENSE ACCOUNTS

Section 3—Function Explanations

NOTE: Functions do not necessarily correlate to organizational structure. A particular department may not have a specific USOA expense function code. However, its costs may be includable under various function codes. Costs not properly chargeable to

specific functions should be assigned to Function Code 99, Other.

(a) Functions Related to the Way and Structures Activity

(1) Administration Functions.

(02) Administration, Track—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of track. Used only in Way and Structures— Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(03) Administration, Bridges and Buildings—General administration and supervision of central, regional and divisional engineering functions related to repair and maintenance of bridges and buildings. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(04) Administration, Signals—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of signals. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(05) Administration, Communications—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of communication facilities. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(06) Administration, Other—General administration and supervision of central, regional, and divisional engineering functions related to repair and maintenance of other roadway property. Used only in Way and Structures—Other. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance work.
- Budget preparation, clerical support, and similar functions.

(2) Repair and Maintenance Functions—These functions include:

- Repair and maintenance work on road property and equipment, including gang foreman, shop foreman, and other supervisors with direct authority over workers; all higher levels of supervision are included in the Administration function.
- Work train service. Crew wages are to be charged directly; other work train expenses except fuel may be apportioned if not solely identifiable to work train service.
- Store expense and shop expense.

(10) Repair and Maintenance, Roadway—Roadway, cuts, fills, banks, embankments, subgrade, roadbed, ditches, drains, landscaping; cutting and removing grass, brush, debris; dressing ballast; preventing and extinguishing fires; patrolling and inspection; roadway relocation.

(11) Repair and Maintenance, Tunnels and Subways—Repaving, ventilating, lighting, other maintenance.

(12) Repair and Maintenance, Bridges and Culverts—Bridges, trestles, culverts and elevated structures which carry tracks; repairing, filling, dredging, cleaning, watching these structures.

(13) Repair and Maintenance, Ties—Cross, switch, bridge, and other track ties. This function includes expenses associated with unloading, distributing and placing ties in tracks.

(14) Repair and Maintenance, Rails and Other Track Material—All track material used in repair of tracks except ballast and ties. This function includes expenses associated with unloading and installing Rail and Other Track Material.

(16) Repair and Maintenance, Ballast—Gravel, stone, slag, cinders, sand, and like material.

(19) Repair and Maintenance, Signals and Interlockers—Signals and interlockers and related apparatus governing train movement.

(20) Repair and Maintenance, Communications Systems—Telephone, telegraph, radio, radar, inductive train communication, and other communication systems, including terminal equipment.

(21) Repair and Maintenance, Power Systems—Power plants, substations, transmission and distribution systems.

(22) Repair and Maintenance, Highway Grade Crossings—Highway grade crossing signals, gates, and related apparatus.

(23) Repair and Maintenance, Station and Office Buildings—Station and office buildings, fixtures, appurtenances, and grounds.

(24) Repair and Maintenance, Shop Buildings—Locomotives—Shops and buildings, fixtures, appurtenances, and grounds, used for the repair, maintenance and servicing of locomotives.

(25) Repair and Maintenance, Shop Buildings—Freight Cars—Shops and buildings, fixtures, appurtenances, and grounds, used for the repair, maintenance, and servicing of freight cars.

(26) Repair and Maintenance, Shop Buildings—Other—Shops and buildings, fixtures, appurtenances, and grounds, used for the repair, maintenance, and servicing of revenue service equipment other than locomotives and freight cars; roadway machines; work equipment and the like.

(27) Repair and Maintenance, Locomotive Servicing Facilities—Fuel and water stations, fixtures, appurtenances, and grounds.

(28) Repair and Maintenance, Miscellaneous Buildings and Structures. All permanent buildings and structures, and their fixtures, appurtenances, and grounds, not otherwise provided for. (Includes storehouses.)

(29) Repair and Maintenance, Coal Terminals—Wharves, docks, and other loading or unloading facilities for handling coal, including conveyors, machinery and fixtures.

(30) Repair and Maintenance, Ore Terminal—Wharves, docks, and other loading or unloading facilities for handling ores and other bulk mineral commodities, including conveyors, machinery and fixtures.

(31) Repair and Maintenance, TOFC/COFC—Terminals—TOFC/COFC terminal structures, fixtures, machinery and appurtenances, used for transfer of trailers and containers.

(32) Repair and Maintenance, Other Marine Terminals—Marine terminal structures, fixtures, machinery and appurtenances not otherwise provided for.

(33) Repair and Maintenance, Motor Vehicle Loading and Distribution Facilities—Buildings, structures, fixtures, machinery and appurtenances used for receipt, loading, unloading, and distribution of motor vehicles.

(35) Repair and Maintenance Facilities for Other Specialized Services Operations—Buildings, structures, machinery, fixtures and grounds, used as part or whole of a revenue-producing specialized service.

(36) Repair and Maintenance, Roadway Machines—Machines and equipment used for repairs of roadway and structures.

(37) Small tools and Supplies—Cost of small tools and supplies used in repair and maintenances.

(38) Snow Removal—Removal of snow and ice; plow and flange service; setting up, taking down and storing fences. If the amount of labor expense is not substantial, the wages of those employees who perform snow removal duties may be included in the appropriate expense accounts for the duties they are normally assigned.

(39) Dismantling Retired Property—Dismantling retired road property when the property is not to be replaced through normal maintenance, addition or betterment.

(48) Road Property Damaged—Repair of roadway property and structures, used in revenue service, and all equipment not used in revenue service, when damage is caused by derailments, collision, fire, explosions, sabotage, other casualties, and excluding damage resulting through normal operations or use; such as part failures, overloads, overheating, short circuits and similar events. Part failures through normal

operations are those where the resulting damage is restricted to the unit of road property which experienced the failure. When the damage extends to other units of road property, related expenses shall be charged to this function.

(3) Other Function.

(99) Other—All expenses not properly includable in the above functions.

(b) Functions Related to the Equipment Activity

(1) Administrative Functions.

(01) Administration, General—General administration and supervision of central, regional, and divisional repair and maintenance functions. Included are:

- General engineering and design.
- Valuation engineering for maintenance and improvements.
- Planning and supervision of repair and maintenance of equipment.
- Budget preparation, clerical support, and similar functions.

(2) Repair and Maintenance Functions—These functions include:

- Repair and maintenance work on equipment including gang foreman, shop foreman, and other supervisors with direct authority over workers; all higher levels of supervision are included in the Administrative function.
- Store expense and shop expense.

(39) Dismantling Retired Property—Dismantling retired equipment when the property is not to be replaced through normal maintenance, addition or betterment.

(40) [Reserved]

(41) Repair and Maintenance, Locomotives—Repair of locomotives in revenue service.

(42) Repair and Maintenance, Freight Cars—Repair of freight cars and attached motor equipment in revenue service.

(43) Repair and Maintenance, Trucks, Trailers, Containers in Revenue Service—Repair, inspection, and lubrication of trucks, trailers and containers in revenue service.

(44) Repair and Maintenance, Floating Equipment in Revenue Service—Floating equipment including appurtenances.

(45) Repair and Maintenance, Passenger and Other Revenue Equipment—Repair, inspection and lubrication of passenger train cars and attached motor equipment, and other equipment used in revenue service.

(46) Repair and Maintenance, Computer Systems and Word Processing Systems—Computers and attached peripheral equipment; data recording and punch-card processing equipment; word processing equipment.

(47) Repair and Maintenance, Work and Other Non-Revenue Equipment—Rail and floating work equipment and appurtenances, and all other equipment not used in revenue service and not provided for elsewhere.

(48) Equipment Damaged—Repair of locomotives, freight cars, other equipment used in revenue service, and all equipment not used in revenue service, when damage is caused by derailment, collision, fire, explosions, sabotage, washouts, or other casualties, and excluding damage resulting through normal operations or use, such as part failures, overloads, overheating, short circuits and the like. Part failures through normal operations are those where the resulting damage is restricted to the equipment that experienced the failure. When the damage extends to other units of equipment, related repairs shall be charged to this function.

(49) Repair and Maintenance, Shop Machinery—Locomotives—Repair of shop machinery and other apparatus, including special foundations used for the repair, maintenance and servicing of locomotives.

(50) Repair and Maintenance, Shop Machinery—Freight Cars—Repair of shop machinery and other apparatus, including special foundations for the repair, maintenance and servicing of freight cars.

(51) Repair and Maintenance, Shop Machinery—Other Equipment—Repair of shop machinery and other apparatus, including special foundations for the repair, maintenance and servicing of other equipment.

(3) Other Function.

(99) Other—All equipment expenses not properly includable in the above functions.

(c) Functions Related to the Transportation Activity

(1) Administrative Function.

(01) Administration, General—General administration and supervision of

central, regional, and divisional operational functions. Included are:

- Planning and supervision of train, yard, common, specialized services and support operations.
- Budget preparation, clerical support, and similar functions.

[Not applicable to the Train and Yard Common Subactivity.]

(2) Operations Functions.

(56) Engine Crews—Operation of trains in line-haul revenue service by enginemen, including crew meals, lodging, deadheading and other expenses.

(57) Train Crews—Operation of trains in line-haul revenue service by trainmen, including crew meals, lodging, deadheading, and other expenses.

(58) Dispatching Trains—Costs include dispatchers, supporting staff, train order stations and operators, office and supplies expense.

(59) Operating Switches, Signals, Interlockers, Retarders, Humps— Operators, switch tenders, supplies, etc.

(60) Operating Drawbridges—Engineers, tenders, watchmen, supplies, etc.

(61) Highway Crossing Protection—Gatekeepers, flagmen, lighting, supplies, etc.

(62) Train Inspection and Lubrication—Inspection and lubrication of trains (cars and locomotives), including minor repairs made by inspectors. This includes the inspection of train locomotives when indistinguishable from the inspection and lubrication of train cars.

(63) Clearing Wrecks—Removal of equipment, freight or other goods, and property of others damaged in wrecks; note that repair of wreck damage caused to roadway property and equipment is classified as function Code 48—Road Property and Equipment Damaged.

(64) Switch Crews—Operation of trains and locomotives in yard and terminal revenue switching service by enginemen and trainmen, including associated expenses.

(65) Controlling Operations—Directing the operations of yard and terminal interchange and classification service, including office and supplies expense.

(66) Yard and Terminal Clerical—Clerical work in support of the operation of yard and terminal switching and classification service, including office and supplies expense.

(67) Locomotive Fuel—Cost of locomotive fuel used in all service, including the receipt, storage, and dispensing of the fuel.

(68) Electric Power Purchased/Produced for Motive Power—Purchase cost and cost of producing electric power for use by electrically-powered motive equipment in all service.

(69) Servicing Locomotives—Preparing locomotives for switching service in yards and for train service, including moving locomotives around engine yards. This includes the inspection and lubrication of yard locomotives and may include the inspection and lubrication of train locomotives where distinguishable from the inspection and lubrication of train cars.

(70) Cleaning Car Interiors—Cleaning and preparing car interiors for revenue service, including minor repairs made by car cleaners. This includes payment for cleaning cars due to spoilage of perishable shipments.

(71) Adjusting and Transferring Loads—Transferring, picking up, straightening, and reloading freight in the ordinary course of transportation.

(72) Car Loading Devices and Grain Doors—Servicing car loading devices and placing and removing grain doors.

(73) Pickup & Delivery, Marine Line Haul & Rail Substitute Service— Operation of trucks, floating equipment, and all other specialized equipment providing line haul movement for revenue including TOFC/COFC pick-up and delivery.

(74) Loading & Unloading and Local Marine—All other specialized services in the transportation activity such as TOFC/COFC loading, unloading, and tie down; coal and ore loading and unloading; and other similar functions.

(75) Protective Services—Inspecting, servicing, cleaning, and fueling protective equipment and devices.

(76) Clerical and Accounting Employees—Direct administrative support to the Transportation Activity, including receiving and processing customer orders, requesting cars, preparing waybills, rating shipments, billing customers, collecting customer receivables in the ordinary course of business, billing and recording demurrage,

reporting interchanges, reporting advances, and the initial summarization and reporting of input data.

(77) Communications Systems Operation—Cost of operating communications systems; when such operations are an integral part of other functions, only specifically identifiable costs of operating communications systems are to be allocated to this function.

(78) Loss and Damage Claims Processing—Receipt, investigation, other handling, and adjustment and settlement of claims for loss or damage of freight or other goods carried in revenue service. Does not include handling claims for personal injury or for loss or damage of other property.

(3) Other Function.

(99) Other—All transportation expenses not properly includable in the above functions.

(d) Functions Related to the General and Administration Activity

(1) Administrative Function.

(01) Administration, General—General administration and supervision of central, regional, and divisional general functions. Included are:

- Planning and supervision of general and administrative functions.
- Budget preparation, clerical support, and similar functions. It includes the overall responsibility for two or more of the General and Administrative functions listed below or the responsibility that expands to more than one activity.

(2) General Functions.

(86) Accounting, Auditing, Finance—General and corporate accounting, auditing by internal auditors and outside accountants, treasury, tax accounting and returns, financial reporting, corporate planning related to investment decisions and budgeting.

(87) Management Services and Data and Word Processing—Systems planning and design, programming, computer operations, data control, key entry of data, and related activities; This includes operating expenses associated with a particular computer system or word processing equipment that is dedicated to more than one activity. This does not include expenses associated with computer systems or word processing equipment dedicated exclusively to the Way and Structure, Equipment or Transportation Activity; these expenses shall be charged to the appropriate subactivity/function.

(88) Marketing—Market planning and analysis, traffic analysis, costing, pricing, and related activities.

(89) Sales—Traffic solicitation and related sales efforts.

(90) Industrial Development—Efforts to locate industries on real estate accessible to the railroad's lines for the purpose of creating future revenues.

(91) Personnel and Labor Relations—Efforts to attract and retain employees, handle fringe benefit plans, monitor and negotiate labor contracts, maintain employee data and records, coordinate training programs, handle grievances, handle employee transfers, operate job safety and equal opportunity programs, and related activities.

(92) Legal and Secretarial—Legal functions handled by attorneys and supporting staff; including lawsuits, injury and damage claims, commerce matters, and similar functions; corporate secretarial functions involving shareholder records, corporate minutes, stock certificates, and similar items.

(93) Public Relations and Advertising—Public relations activities with governmental bodies, shippers, and the general public; advertising in the media, booklets, publications; open houses and tours; and similar activities.

(94) Research and Development—Research into the use of methods, procedures, practices, equipment, machinery tools, and plant, and in determining and measuring the impact of factors or costs not previously known, with the intention of finding ways to improve maintenance, operations, administration, rates, productivity, environmental impact, and similar items. Does not include specific studies or development efforts for which an implementation decision has already been made.

(3) Other Function.

(99) Other—All general and administration expenses not properly includable in the above functions.

INCOME ACCOUNTS

Ordinary Items

501 Railway operating revenues.

This account is a summarization of Railway Operating Revenue Accounts 101 to 122. It excludes transfers from governmental authorities except when the transfer payment is for specific services for transporting property or persons by rail line other than commuter operations and local rail service subsidies granted under authority of the Railroad Revitalization and Regulatory Reform Act of 1976 [See Instruction 1–15(e)(2)].

[52 FR 4346, Feb. 11, 1987]

502 Railway operating revenues—transfers from government authorities for current operations.

This account shall include amounts received or receivable from Federal, state, or municipal authorities which are specifically designated to offset operating expenses, or which may be applied at the discretion of the railroad to operating expenses and/or railroad property.

This account shall also include amounts received from government authorities to offset operating costs sustained on specific lines or in certain regions. Examples are: (1) Local Rail Service Assistance Subsidies granted to the carrier under authority of the Railroad Revitalization and Regulatory Reform Act of 1976, and (2) payments by regional transit authorities in connection with specified operations performed by the carrier.

This account shall also include indirect receipts which reduce operating expenses, such as assumption of station maintenance costs, abatement of taxes, or other indirect contributions by government agencies, if clearly identifiable and measurable.

NOTE: This account shall not include receipts from government authorities designated for the acquisition, addition to, or improvement of railway operating property. (See instruction 1–15.)

(49 U.S.C. 304, 320)

[43 FR 30558, July 17, 1978]

503 Railway operating revenues—amortization of deferred transfers from government authorities.

This account shall include the amortization applicable to amounts representing the cost of acquisition, addition to, or improvement of depreciable operating property received from Federal, state, or municipal authorities. (See instruction 1–15, and account 783, ''Deferred Revenues—Transfers from Government Authorities.'')

(49 U.S.C. 304, 320)

[43 FR 30558, July 17, 1978]

506 Revenues from property used in other than carrier operations.

This account shall include the total revenues derived from property used in other than carrier operations, the cost of which is includible in balance-sheet account 737, ''Property used in other than carrier operations.''

510 Miscellaneous rent income.

(a) This account shall include such rents of property owned and controlled by the accounting carrier as are not provided for in the foregoing accounts.

(b) This account shall be charged with the cost of maintenance of the property rented, also specific incidental expenses in connection with such property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, and analogous items.

NOTE A: Taxes on property the rent of which is creditable to this account shall be charged to account 64–61–00, Property Taxes.

NOTE B: The rent from property carried in account 737, Property used in other than carrier operations, shall not be included in this account. Such rents shall be included in account 506, Revenues from property used in other than carrier operations.

NOTE C: Rent and other income from real estate acquired for new lines or for additions and betterments shall be credited to the appropriate road and equipment accounts until the completion or coming into service of the property.

NOTE D: Rent and other income from real estate acquired for new lines or for additions and betterments shall be credited to the appropriate road and equipment accounts until the completion or coming into service of the property.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4346, Feb. 11, 1987]

512 Separately operated properties; profit.

(a) This account shall include amounts earned under the terms of agreements or contracts whereby the net income resulting from the operation by others or properties of other companies having a separate corporate existence is to be paid, in whole or in part, to the accounting company.

(b) In determining the amount earned by the accounting company, consideration shall be given not only to the operating revenues and operating expenses but also to other items of income or deduction which affect that amount.

NOTE A: The amount payable by the operating company shall be charged by it to account 550, Income Transferred under Contracts and Agreements.

NOTE B: Dividends or other returns upon securities issued by separately operated companies, and held or controlled by the accounting company, shall be included in accounts 513, ''Dividend income,'' 514, ''Interest income,'' or 516, ''Income from sinking and other funds,'' as may be appropriate.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

513 Dividend income.

(a) This account shall include dividends declared on railway and other stocks, the income from which is the property of the accounting company, whether such stocks are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise.

(b) Dividends declared shall not be credited prior to actual collection unless their payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise. (See note C to account 708, ''Interest and dividends receivable.'')

(c) Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

NOTE A: This account shall not include credits for dividends on stocks issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other funds.

NOTE B: Dividends on stocks of other companies held in sinking or other funds shall be credited to account 516, ''Income from sinking and other funds.''

514 Interest income.

(a) This account shall include the interest on securities and debenture stock of other companies, the income from which is the property of the accounting company whether such securities are owned by the accounting company and held in its treasury or deposited in trust, or are controlled through lease or otherwise.

(b) The account shall also include interest on notes and other evidences of indebtedness and interest on bank balances, open accounts, and other analogous items, including discount or short-term notes. Interest shall not be accrued unless its payment is reasonably assured by past experience, guaranty, anticipated provision, or otherwise. (See note C to account 708, ''Interest and dividends receivable.'')

(c) At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on securities of other companies owned (other than short-term notes). Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried. The discount on short-term notes shall be distributed through equal monthly credits, over the terms of the notes.

NOTE A: This account shall not include interest on securities issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other funds.

NOTE B: Interest on securities other than those of the accounting company, and on other assets held in sinking or other funds shall be included in account 516, ''Income from sinking and other funds.''

NOTE C: Discount on bills for material purchased shall be credited to the accounts to which is charged the cost of the material with respect to which the discount is allowed.

516 Income from sinking and other funds.

(a) This account shall include the income on cash, securities, and other assets (not including securities issued or

assumed by the accounting company) held in sinking and other funds. (See note C to account 708, ''Interest and dividends receivable.'')

(b) At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently charged or credited to the account in which the cost of the securities is carried.

517 Release of premiums on funded debt.

This account shall include, during each fiscal year, such proportion of the premiums on outstanding funded debt as may be applicable to the period. (See instruction 5–3.)

518 Reimbursement received under contracts and agreements.

(a) This account shall include amounts received or receivable from other companies or individuals, representing the whole or a part of the net loss of the accounting company, when under the terms of agreements or contract, no obligation for subsequent reimbursement is incurred.

(b) In determining the amount receivable by the accounting company, consideration shall be given not only to the operating revenues and operating expenses, but also to other items of income or deduction which affect that amount.

NOTE: The amount payable shall be charged by the contributing company to account 545, ''Separately operated properties—Loss.''

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

519 Miscellaneous income.

(a) This account shall include all items, not provided for elsewhere, properly creditable to income accounts during the current year. Among the items which shall be included in this account are:

Cancellation of balance sheet accounts representing unclaimed wages and vouchered accounts written off because of carrier's inability to locate the creditor.

Profit from sale of securities carried as temporary cash investments.

Profit from sale of land used for transportation purposes, of noncarrier property and of securities acquired for investment purposes.

Profit from company bonds reacquired.

Decreases in the valuation allowance (contained within account 702) for the marketable equity securities included in current assets.

(b) Gains from extinguishment of debt shall be aggregated and, if material, credited to account 570, ''Extraordinary Items,'' upon approval by the Board; however, gains from extinguishment of debt (excluding debt maturing serially) which is made to satisfy sinking fund requirements, shall be recorded in this account regardless of amount.

531 Railway operating expenses.

This account shall include total expenses caused by operations, as shown in the primary expense accounts provided in these regulations.

534 Expenses of property used in other than carrier operations.

This account shall include depreciation, rent, taxes, and other expenses incurred on property used in other than carrier operations.

NOTE: If property for which rent expense is includable in this account is sublet, the rent from the sublease shall be included in account 506, Revenues from property used in other than carrier operations.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

544 Miscellaneous taxes.

This account shall include all accruals for taxes not provided for elsewhere, such as taxes on securities owned, and taxes on income from securities owned.

545 Separately operated properties; loss.

(a) This account shall include amounts payable under the terms of agreements or contracts whereby the net loss resulting from the operation

by others of properties of other companies having a separate corporate existence is to be paid, in whole or in part, by the accounting company.

(b) In determining the amount payable by the accounting company, consideration shall be given not only to the operating revenues and operating expenses, but also to other items of income or deductions which affect that amount.

NOTE A: The amounts receivable by the operating company shall be credited by it to account 518, Reimbursements received under contracts and agreements.

NOTE B: Dividends or other returns upon securities issued by separately operated companies and held or controlled by the accounting company shall not be included in this account to offset a deficit payable, but in accounts 513, ''Dividend income,'' or 514, ''Interest income,'' as may be appropriate.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

546 Interest on funded debt.

This account shall include the current accruals of interest on all classes of long-term debt, the principal of which is includable in accounts 765, Funded debt unmatured; 766, Equipment obligations; 767, Receivers' and trustees' securities; 768, Debt in default; and 769, Accounts Payable; affiliated companies.

NOTE A: This account shall not include charges for interest on funded debt obligations issued or assumed by the accounting company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or in sinking or other funds.

NOTE B: When funded debt is incurred for new lines or extensions, or for addition and betterment purposes, the accruals of interest on such funded debt (less interest received on unexpended balances), to the date of completion or coming into service of the property so acquired shall be includable in the road and equipment accounts.

NOTE C: This account shall be maintained so as to show separately: (a) Fixed interest which will be paid, or for which provision for payment will be made, when the interest matures; (b) interest in default; and (c) contingent interest determined to be payable.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

547 Interest on unfunded debt.

This account shall include interest accrued on unfunded debt, such as short-term notes payable on demand or having maturity dates of one year or less from dates of issue, and open accounts, including discount and expense on demand and short-term loans, interest on receipts outstanding for installments paid on capital stock, interest on deferred payments for public improvements, interest on tax deficiencies, overcharge claims and court awards, and other analogous items. The discount on short-term notes, if of a considerable amount shall be distributed through equal monthly charges, over the term of the notes.

NOTE: When short-term notes or other evidences of unfunded indebtedness are issued for new lines or extensions or for addition and betterment purposes the accrual of interest to the date of completion or coming into service of the property shall be included in the road and equipment accounts.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

548 Amortization of discount on funded debt.

(a) This account shall be charged during each fiscal period with the proportion of the discount on funded debt obligations applicable to that period. This proportion shall be determined according to a rule the uniform application of which through the interval between the date of sale and the date of maturity will extinguish the discount on funded debt.

(b) The charge to this account for any period must not be either greater or less than the proportion of the balance remaining unamortized applicable to that period so long as any portion of the discount remains unextinguished. However, the entire amount for the discount and expense applicable to any particular issue of obligations may be charged directly to this account at time of issue when the aggregate of such amounts does not appreciably affect the accounts. (See instruction 5–3(b).)

549 Maintenance of investment organization.

This account shall include the directly assignable administration expenses of the accounting company which are incident to its investments in leased or nonoperating physical

property, and in stocks, bonds, or other securities.

ITEMS OF EXPENSE

Advertising annual reports (lessor companies only).
Calls for bonds in accordance with sinking fund provisions of mortgages.
Directors' fees.
Printing and mailing dividend checks.
Publishing and mailing annual reports and other corporate statements to shareholders.
Publishing notices of declaration of dividends.
Law expenses.
Office expenses.
Salaries of officers, clerks, and attendant.
Stationery and printing.

NOTE: Administration expenses incident to railway operation are includible in the primary accounts provided for in operating expense general account series 60–00–00.

550 Income transferred under contracts and agreements.

(a) This account shall include the whole or any portion of the income of the accounting company payable to another company under the terms of agreements or contracts without obligation for reimbursement.

(b) In determining the amount payable by the accounting company, consideration shall be given not only to operating revenues and operating expenses, but also to other items of income or deduction which affect that amount.

NOTE A: The amount receivable by the other company shall be credited by it to account 512, ''Separately operated properties—Profit.''

NOTE B: Dividends or other payments upon securities issued or assumed by the accounting company shall not be included in this account.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

551 Miscellaneous income charges.

(a) This account shall include items, not otherwise provided for in the other income accounts. This includes:

Income tax on the interest on the accounting company's funded debt when these taxes are assumed by the company.
Payments of old accounts previously written off.
Penalties and fines for violation of the Interstate Commerce Act or other federal and state laws.
Loss on sale of securities carried as temporary cash investments.
Loss on sale of land used for transportation purposes and of noncarrier property.
Loss on sale of securities acquired for investment purposes, and charges to write down the ledger value of such securities because of impairment in their value.
Loss from company bonds reacquired.
Increases in the valuation allowance (contained within account 702) for the marketable equity securities included in current assets.

Contributions for charitable, social, or community welfare purposes that do not have a direct relation to the protection of company property, development of its business, or welfare of its employees.

(b) Losses from extinguishment of debt shall be aggregated and, if material, charged to account 570, ''Extraordinary Items,'' upon approval by the Board; however, losses from extinguishment of debt (excluding debt maturing serially) which is made to satisfy sinking fund requirements, shall be included in this account regardless of amount.

(c) Contributions for charitable, social, or community welfare purposes that have a direct relation to the protection of company property, development of its business, or welfare of its employees should be charged to account 61–61–99, Other Expenses—General and Administrative—Other.

(49 U.S.C. 12, 20, 304, 913, and 1012)

[42 FR 35017, July 7, 1977, as amended at 42 FR 64350, Dec. 23, 1977; 52 FR 4347, Feb. 11, 1987]

553 Uncollectible accounts.

This account shall include losses on receivable, notes, or claims that are not includible in account 63–61–00. ''General—Uncollectible Accounts—General and Administrative.''

555 Unusual or infrequent items (debit) credit.

This account shall include material items unusual in nature or infrequent in occurrence, but not both, accounted for in the current year in accordance with the text of instruction 1–2(d), upon approval by the Board.

556 Income taxes on ordinary income.

This account shall include accruals for Federal, State and other income taxes applicable to ordinary income. See the text of account 590, for recording other income tax consequences.

557 Provision for deferred taxes.

(a) This account shall include the net tax effect of all material timing differences [See definition 20(e)] originating and reversing in the current accounting period and the future tax benefits of loss carryforwards recognized in accordance with Instruction 1–10.

(b) This account shall include credits for the amortization of the investment tax credit if the carrier elected to use the deferred method of accounting for the investment tax credit. (See instruction 1–10.)

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

560 Income or loss from operations of discontinued segments.

This account shall include the results of operations of a segment of a business (see definition 23(a)), after giving effect to income tax consequences, that has been or will be discontinued in accordance with the text of instruction 1–2(d), upon approval by the Board.

562 Gain or loss on disposal of discontinued segments.

This account shall include the gain or loss from the disposal of a segment of a business, after giving effect to income tax consequences, in accordance with the text of instruction 1–2(d), upon approval by the Board.

570 Extraordinary items (net).

(a) This account shall include extraordinary items accounted for during the current accounting year in accordance with the text of instruction 1–2(d), upon submission of a letter from the carrier's independent accountants, approving or otherwise commenting on the item and upon approval by the Board.

(b) This account shall be maintained in a manner sufficient to identify the nature and gross amount of each debit and credit.

(c) Income tax consequences of charges and credits to this account shall be recorded in account 590, ''Income taxes on extraordinary items,'' or account 591, ''Provision for deferred taxes—extraordinary items.''

590 Income taxes on extraordinary items.

This account shall include the estimated income tax consequences (debit or credit) assignable to the aggregate of items of both taxable income and deductions from taxable income which for accounting purposes are classified as unusual and infrequent, and are recorded in account 570, ''Extraordinary Items (Net).'' The tax effect of any timing differences caused by recognizing an item in the account provided for extraordinary items in different periods in determining accounting income and taxable income shall be included in account 591, ''Provision for deferred taxes—extraordinary items.''

591 Provision for deferred taxes—extraordinary items.

This account shall include debits or credits for the current accounting period for income taxes deferred currently, or for amortization of income taxes deferred in prior accounting periods applicable to items of revenue or expense included in account 570, ''Extraordinary Items (Net).'' (See instruction 1–10.)

592 Cumulative effect of changes in accounting principles.

This account shall include the cumulative effect of changing to a new accounting principle, after giving effect of income tax consequences, in accordance with instruction 1–2(d), upon approval by the Board.

FORM OF INCOME STATEMENT

I. Ordinary Items

501 Railway operating revenues (exclusive of transfers from government authorities)	.....
502 Railway operating revenues—transfers from government authorities for current operations	.....
502 Railway operating revenues (amortization of deferred transfers from government authorities	.....
531 Railway operating expenses	.....
Net Revenue from Railway Operation [1]	.....

FORM OF INCOME STATEMENT—Continued

II. Other Income

506 Revenues from property used in other than carrier operations	.....
510 Miscellaneous rent income	.....
512 Separately operated properties—profit	.....
513 Dividend income	.....
514 Interest income	.....
516 Income from sinking and other funds	.....
517 Release of premiums on funded debt	.....
518 Contributions from other companies	.....
519 Miscellaneous income	.....
Income from affiliated companies:	
Dividends	.....
Equity in undistributed earnings (losses)	.....
Total income from affiliated companies	.....
Total other income	.....
Total income	.....

III. Miscellaneous Deductions From Income

534 Expenses of property used in other than carrier operations	.....
535 Taxes on property used in other than carrier operations	.....
543 Miscellaneous rent expense	.....
544 Miscellaneous taxes	.....
545 Separately operated properties-loss	.....
549 Maintenance of investment organization	.....
550 Income transferred to other companies	.....
551 Miscellaneous income charges	.....
553 Uncollectible accounts	.....
Total miscellaneous deductions	.....
Income available for fixed charges	.....

IV. Fixed Charges

546 Interest on funded debt:	
(a) Fixed interest not in default	.....
(b) Interest in default	.....
547 Interest on unfunded debt	.....
548 Amortization of discount on funded debt	.....
Total fixed charges	.....
Income after fixed charges	.....

V. Other Deductions

546 Interest on funded debt: (c) Contingent interest	.....

VI. Unusual or Infrequent Items

555 Unusual or infrequent items (debt) credit	.....
Income (loss) from continuing operations (before income taxes)	.....

VII. Provision for Income Taxes

556 Income taxes on ordinary income:	
Federal income taxes	.....
State income taxes	.....
Other income taxes	.....
557 Provision for deferred income taxes	.....
Income from continuing operations	.....

VIII. Discontinued Operations

560 Income or loss from operations of discontinued segments (less applicable income taxes of $——)	.....
562 Gain or loss on disposal of discontinued segments (less applicable income taxes of $——)	.....
Income (loss) before extraordinary items	.....

IX. Extraordinary Items and Accounting Changes

570 Extraordinary items (net)	.....
590 Income taxes on extraordinary items	.....

FORM OF INCOME STATEMENT—Continued

591 Provision for deferred taxes—extraordinary items	.....
Total extraordinary items	.....
592 Cumulative effect of changes in accounting principles (less applicable income taxes of $——)	.....
Net income	.....

[1] Reconciliation of net railway operating income (NROI):	
Net revenues from railway operations	.....
(556) Income taxes on ordinary income	.....
(557) Provision for deferred income taxes	.....
(560) Taxes applicable to income or loss from operations of discontinued segments	.....
(562) Taxes applicable to gain or loss on disposal of discontinued segments	.....
Income from lease of road and equipment (formerly account 509)	.....
Rent for leased roads and equipment (formerly account 542)	.....
Net railway operating income	.....

(49 U.S.C. 304, 320)

[42 FR 35017, July 7, 1977, as amended at 43 FR 30558, July 17, 1978]

RETAINED EARNINGS ACCOUNTS

Credit

601 Credit balance (at beginning of calendar year).

This account shall include the net credit balance in the retained earnings account at the beginning of the calendar year.

601.5 Prior period adjustments to beginning retained earnings account.

This account shall include adjustments net of assigned income taxes, in accordance with the text of instruction 1–2(d), to the balance in the retained earnings account at the beginning of the calendar year, upon approval by the Board.

602 Credit balance transferred from income.

This account shall show the net credit balance brought forward from the income account for the calendar year.

603 Appropriations released.

This account is provided to return to unappropriated retained earnings the amount of appropriations no longer required. The account shall be subdivided

to show the nature of the appropriations being released and the circumstances of the release shall be fully described.

606 Other credits to retained earnings.

This account shall include other credit adjustments, net of assigned income taxes, not provided for elsewhere in this system but only after such inclusion has been authorized by the Board.

Debit

611 Debit balance (at beginning of calendar year).

This account shall include the net debit balance in the retained earnings account at the beginning of the calendar year.

612 Debit balance transferred from income.

This account shall show the net debit balance brought forward from the income account for the calendar year.

616 Other debits to retained earnings.

(a) This account shall include losses from resale of reacquired capital stock, and charges which reduce or write-off discount on capital stock issued by the company, but only to the extent that such charges exceed credit balances in account 795, ''Other capital,'' applicable to net gains from reacquisition and resale or retirement of such subclass of capital stock. See instruction 5–4.

(b) This account shall also include other debit adjustments, net of assigned income taxes, not provided for elsewhere in this system but only after such inclusion has been authorized by the Board.

620 Appropriations for sinking and other funds.

This account shall be charged and account 797, ''Retained earnings; Appropriated,'' shall be credited with amounts appropriated pursuant to provisions of reorganization plans, mortgages, deeds of trust, or other contracts requiring payments into sinking funds, capital funds, and other funds.

621 Appropriations for other purposes.

This account shall be charged and account 797, ''Retained earnings; Appropriated,'' shall be credited with the amount of appropriations for general contingencies, indefinite possible future losses and other corporate purposes not provided for elsewhere. The appropriations shall be released when their respective purposes have been served.

623 Dividends.

This account shall be charged with the amount of dividends declared on actually outstanding capital stock issued or assumed by the company. If the dividend is not payable in cash, the securities or other property to be distributed shall be described with sufficient particularity to identify the distribution. This account shall be subdivided to show separately the dividends declared on the various subclasses of capital stock.

NOTE: This account shall not include charges for dividends on capital stock issued or assumed by the company and owned by it, whether pledged as collateral or held in its treasury, in special deposits, or sinking or other funds.

GENERAL BALANCE SHEET ACCOUNTS EXPLANATIONS

Assets

CURRENT ASSETS

701 Cash.

(a) This account shall include money, checks, sight drafts, and sight bills of exchange in the hands of the accounting company's financial officers and agents, or in transit from its agents and conductors for which such agents and conductors have received credit. It shall include, also, deposits with banks and trust companies available for use on demand, and savings accounts subject to the usual clause reserving the right to defer payment for a specified number of days.

(b) The amount of checks and drafts, which have been transmitted to payees and which remain unpaid at the close of the accounting period, shall be credited to this account. When the amount

of such checks and drafts cannot be determined with absolute accuracy, an estimate of the amount shall be used. Amounts not transmitted to payees shall be included in the appropriate liability accounts.

NOTE: Compensating balances under an agreement which legally restricts the use of such funds shall not be included in this account. Such balances shall be included in account 703, ''Special Deposits,'' or 717, ''Other Funds,'' as appropriate.

702 Temporary cash investments.

This account shall include the cost of securities and other obligations acquired for the purpose of temporarily investing cash, such as United States Treasury certificates, marketable securities, time drafts receivable, demand loans, time loans, time deposits with banks and trust companies, and other similar investments of a temporary character, which are readily convertible into cash at substantially their recorded cost.

This account shall be subdivided to reflect the marketable equity securities portion (and its corresponding valuation allowance) and other temporary investments. (See instruction 5–2.)

703 Special deposits.

This account shall include cash deposits, either placed in the hands of trustees or under the direct control of the reporting company, which are restricted for specific purposes. Examples are those deposits made for the payment of dividends and interest due within one year, the liquidation of other current liabilities, to guarantee fulfillment of current contract obligations to meet specific operating requirements, or compensating balances (See definition 24) under an agreement which legally restricts the use of such funds, and which constitute support for short-term borrowing arrangements. Subaccounts may be set up, if necessary, to account for special deposits for specific purposes.

NOTE: Deposits available for general company purposes shall be included in account 701, ''Cash.''

704 Loans and notes receivable.

This account shall include the book value of all collectible obligations in the form of demand or time loans and notes receivable, or other similar evidences (except interest coupons) of money receivable within a time not exceeding one year from date of issue.

NOTE A: Current loans and notes receivable from affiliated companies shall be included in account 708.5, ''Receivables from affiliated companies.''

NOTE B: Obligations held as investments which mature more than one year after date of issue shall be included in accounts 721, ''Investments and advances: Affiliated companies,'' or 722, ''Other investments and advances,'' as appropriate.

NOTE C: Loans and notes receivable acquired for the purpose of temporarily investing cash shall be included in account 702, ''Temporary cash investments.''

705 Accounts receivable; interline and other balances.

This account shall include the net debit balances receivable from other companies representing items such as interline freight, passenger, switching, and baggage revenues, charges for equipment interchanged on a per diem or mileage basis, and charges, for car repairs, loss and damage freight claims, and overcharge claims.

NOTE: The amount to be entered in this account is not the net balance between this account and account 752, ''Accounts payable; Interline and other balances.'' Net credit balances payable to other companies shall be included in account 752.

706 Accounts receivable; customers.

This account shall include amounts currently due from customers for transportation and other charges incidental to transportation, and from agents and other representatives charged with the collection or custody of current revenues.

NOTE: Amounts advanced to general and special agents as working funds shall be included in account 710, ''Working funds.''

707 Accounts receivable; other.

This account shall include amounts due in audited accounts, such as those due from the United States or other Governments for the transportation of mails and Government property, and from express companies for express facilities furnished under contract; miscellaneous bills against other railway companies, corporations, firms, and individuals; and other similar items.

NOTE A: The amount to be entered in this account is not the net balance between this account and account 754, ''Accounts payable; Other.''

NOTE B: Amounts due from affiliated companies for miscellaneous bills and other items subject to current settlement shall be included in account 708.5, ''Receivables from affiliated companies.''

708 Interest and dividends receivable.

This account shall include the amount of interest accrued to the date of the balance sheet on bonds, mortgages, notes, and other commercial paper owned, on loans made, open accounts, bank deposits, and the amount of dividends declared on stocks owned, and dividends accrued on such stocks when contracts require that the dividends be paid at stated times.

NOTE A: No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience, anticipated provision, or otherwise.

NOTE B: No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

NOTE C: If settlement of amounts included in this account is not made when due, such amounts that are not subject to current settlement shall be transferred to account 741, ''Other assets,'' at their estimated realizable value. Items of current character but of doubtful value, as well as noncurrent items, shall be written off to the extent of any estimated uncollectible portion by charge to account 553, ''Uncollectible accounts''. If notes are taken in settlement of amounts included in this account, the amounts shall be transferred to account 704, ''Loans and notes receivable,'' or account 741, as appropriate. (See instruction 5–1.)

NOTE D: Current interest and dividends receivable from affiliated companies shall be included in account 708.5, ''Receivables from affiliated companies,'' and noncurrent amounts receivable shall be included in account 721, ''Investments and advances; Affiliated companies.''

708.5 Receivables from affiliated companies.

This account shall include amounts due from affiliated companies which are subject to current settlement such as deposits, demand or time loans, notes receivable, interest, dividends, miscellaneous bills and similar items.

NOTE: Receivables from affiliated companies, representing net debit balances for items such as operating revenues, charges for equipment interchanged, car repairs and claims, shall not be included in this account but in account 705, ''Accounts receivable; Interline and other balances.''

709 Accrued accounts receivable.

This account shall include estimates of all unaudited current items receivable by the carrier to the date of the balance sheet, including those which are creditable to revenue, expense, or income accounts. Among the items which shall be included in this account are:

Amounts receivable from others for unreported interline traffic.

Amounts receivable from others for use of facilities, including equipment, for which bills have not been rendered.

Amounts receivable from others for services for which bills have not been rendered.

Rents receivable for which bills have not been rendered.

709.5 Allowance for uncollectible accounts.

This account shall be credited with amounts provided for receivables which may become uncollectible, and shall be maintained to show the amount of each separate allowance set out below and the amounts of debits and credits thereto:

(a) Allowance for receivables applicable to transportation operations. Credits to this subdivision shall be concurrently charged to account 636000, ''Uncollectible Accounts; General and administrative.''

(b) Allowances for receivables not applicable to transportation operations. Credits to this subdivision shall be concurrently charged to account 553, ''Uncollectable accounts.''

710 Working funds.

This account shall include amounts advanced to general and special agents, and to other officers and employees, as working funds from which certain expenditures are to be made and accounted for. It also includes advances to fast freight lines and to demurrage and other bureaus.

NOTE: Advances to jointly owned or used terminal companies and other companies for permanent working funds or capital purposes shall be included in accounts 721, ''Investments and advances; Affiliated companies,''

or 722, ''Other investments and advances,'' as appropriate.

711 Prepayments.

This account shall include the balances in the accounts representing short-term prepaid rents chargeable to the appropriate rent accounts as the term is consumed for which the rents are paid; also short-term interest, and insurance premiums, taxes and licenses, and similar items paid in advance of their accrual, which are to be apportioned and charged, as they accrue, to the appropriate accounts.

712 Material and supplies.

(a) This account shall include the balances representing the cost of all unapplied material, such as road and shop material, articles in process of manufacture by the accounting company, fuel, stationery, and dining car and other supplies. In determining the cost of material and supplies suitable allowance shall be made for any purchase discounts allowed. The cost shall include all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the carrier including loading and unloading, and a suitable proportion of purchasing and store expenses. The cost shall also include sales and excise taxes on material purchases; however, sales and excise taxes may be charged to account 656000, ''Other taxes; General and administrative,'' provided this procedure will not adversely affect the accounts and is consistently followed. Taxes on gasoline, other motor fuel, and motor oil are also includible in this account.

(b) Materials recovered for reuse in connection with construction, maintenance, or the retirement of property shall be charged to this account at cost, or average cost, estimated if not known, less accumulated depreciation, if any, plus the cost to restore the materials to a serviceable condition, or current market value, whichever is lower. (See definition 17, *Salvage value.*)

(c) Scrap and other nonusable materials, including obsolete parts, shall be included in account 713, ''Other current assets,'' at the estimated salvage value when the sale of the materials is imminent and there is a relatively firm market price. Obsolete parts not subject to imminent sale shall be included in account 741, ''Other assets,'' at their net realizable value.

(d) Material and supplies shall be credited to this account and charged to the appropriate operating expense or other account on the basis of recorded cost, average cost, or other recognized pricing system, provided that such system is consistently applied and is based on the cost of such material and supplies.

(e) An inventory of material and supplies shall be taken during each calendar year and the necessary adjustments to bring this account into harmony with the actual inventory balances shall be made in the accounts of the year in which the inventories are taken. In effecting this adjustment, determined differences in accounting for important classes of material shall be equitably assigned among the accounts to which the classes of material are ordinarily chargeable. Other differences shall be equitably apportioned among the primary accounts to which material has been charged since the last inventory. (Also see instruction 5–1(b).)

NOTE: Balances representing the cost of unapplied construction material and supplies located at the point of use, which have been purchased for projected new roads and extensions, or for new railroad equipment, shall be included in account 90, ''Construction in progress.''

713 Other current assets.

This account shall include amounts for other current assets which are not includible in the foregoing current asset accounts.

714 Deferred income tax debits.

This account shall include the current portion of deferred income tax debits and credits determined in accordance with Instruction 1–10, when the balance is a net debit. A net credit balance shall be included in account 762, ''Deferred income tax credits''.

(49 U.S.C. 10321, 11145; 5 U.S.C. 553)

[47 FR 12350, Mar. 23, 1982]

SPECIAL FUNDS

715 Sinking funds.

(a) This account shall include the amount of cash, the ledger value of live securities of other companies, and other assets which are held by trustees of sinking and other funds for the purpose of redeeming outstanding obligations, including such assets held in the hands of the accounting company's treasurer when the assets are segregated in a distinct fund.

(b) This account shall include amounts deposited with trustees on account of mortgaged property sold, where the proceeds are held for the redemption of securities; and also the par value (or the amount recorded for no par stock) of live securities issued or assumed by the accounting company and held in such funds.

(c) A separate subaccount shall be kept for each fund. The title of each subaccount shall designate the obligation redeemable from the fund.

NOTE: In stating the balance sheet in the annual reports to the Board the total amount of the funds and the par value (or the amount recorded for no par stock) of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

716 Capital funds.

(a) This account shall include cash and the ledger value of other assets held by trustees or by the accounting company's treasurer when segregated in distinct funds that have been (1) realized from the sale of equipment obligations or other long-term obligations and not yet applied toward the specific purposes for which the obligations were incurred, and (2) set aside in accordance with governmental, mortgage, or contractual requirements in connection with reorganizations or otherwise. This account shall also include funds deposited with trustees to be held until mortgaged property sold is replaced.

(b) An appropriate record shall be maintained for securities issued or assumed by the accounting company and held in the funds, identifying those that are nominally issued or nominally outstanding.

NOTE: Funds specifically set aside for sinking fund purposes shall be included in account 715, ''Sinking funds.'' If one purpose of a capital fund is to provide contributions to a sinking fund under specified conditions, the entire amount of the fund shall be included in this account until the contributions to the sinking fund are made, at which time the amounts thereof shall be transferred to account 715.

NOTE: The ledger value of assets of the character indicated in paragraph (a)(2) of this section, shall be transferred to the appropriate current asset account when the assets are definitely assigned in advance of expenditure to the payment of interest or other current liabilities payable within one year.

717 Other funds.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets which are in the hands of trustees or managers of insurance, employees' pension, savings, relief, hospital, and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the par value (or the amount recorded for no par stock) of securities issued or assumed by the accounting company and held in such funds. A separate subaccount shall be kept for each fund.

NOTE A: Sinking funds and capital funds are provided for in accounts 715, ''Sinking funds,'' and 716, ''Capital funds,'' respectively.

NOTE B: In stating the balance sheet in the annual reports to the Board, the total amount of the funds and the par value (or the amount recorded for no par stock) of securities issued or assumed by the accounting company and held in the funds shall be shown in the short columns, and the net amount of the funds (total amount less securities issued or assumed) shall be shown in the long column.

NOTE C: This account shall not include funds held by the accounting company solely as trustee and in which it has no beneficial interest.

NOTE D: This account shall include compensating balances (see definition 24) under an agreement which legally restricts the use of such funds and which constitute support for long-term borrowing arrangements.

INVESTMENTS

721 Investments and advances; affiliated companies.

(a) This account shall include the ledger value of the accounting company's investment in securities issued or assumed by affiliated companies other than securities held in special deposits or special funds; and also investment advances made to affiliated companies not subject to current settlement; notes receivable from affiliated companies which mature later than 1 year from date of the balance sheet; and similar noncurrent items of affiliated companies.

(b) This account shall be maintained in such manner as to show each of the following classes of investment in each affiliated company:

(1) Stocks.

(2) Bonds.

(3) Other secured obligations.

(4) Unsecured notes.

(5) Investment advances.

(c) A complete record of securities pledged shall be maintained to show separately the ledger value of securities pledged and unpledged in the annual report to the Board.

NOTE A: Accounts with affiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, and if settlement is deferred beyond one year such items shall be transferred to this account.

NOTE B: The term affiliated companies (also see definition 4) includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement.

2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.

3. Companies controlled by controlled companies.

4. Companies controlled by controlling companies.

By *control* (also see definition 4) is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

(a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.

(b) Right through agreement or source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.

(c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

(d) Right to secure control because of advances made for construction of the operating property of the controlled corporation.

(e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not considered a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

NOTE C: The value of securities borrowed by the accounting company and pledged shall not be included in this account. A memorandum record shall be kept.

NOTE D: The value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in accounts 715, ''Sinking funds,'' 716, ''Capital funds,'' or 717, ''Other funds,'' as appropriate.

721.5 Adjustments; investments and advances—affiliated companies.

(a) This account shall be credited with amounts charged to account 551, ''Miscellaneous income charges,'' to provide for impairment in the value of investment securities and other assets included in account 721, ''Investments and advances; affiliated companies.''

(b) If provision is made for anticipated losses in specific assets, when the assets are written down or written off, or are sold or otherwise disposed of at a loss, the reduction in the book value or the losses sustained shall be charged to this account to the extent of the credit balance in the account applicable to the particular items involved, and the remainder, if any, shall be charged to account 551, ''Miscellaneous income charges.'' Where a general provision for losses in unspecified asset

values is maintained, all such losses resulting from write-downs, write-offs, etc., shall be charged to this account to the extent of the total credit balance in the account, and the remainder, if any, shall be charged to account 551, ''Miscellaneous income charges.''

722 Other investments and advances.

(a) This account shall include the ledger value of the accounting company's investment in securities issued or assumed by nonaffliated companies other than securities held in special deposits or special funds; and also investment advances made to nonaffiliated companies not subject to current settlement; notes receivable from nonaffiliated companies which mature later than 1 year from date of the balance sheet; and similar noncurrent items of nonaffiliated companies.

(b) This account shall be maintained in such manner as to show each of the following classes of investment in each nonaffiliated company:

(1) Stocks.

(2) Bonds.

(3) Other secured obligations.

(4) Unsecured notes.

(5) Investment advances.

(c) A complete record of securities pledged shall be maintained to show separately the ledger value of securities pledged and unpledged in the annual report to the Board.

NOTE A: Accounts with nonaffiliated companies which are subject to current settlement, if their collection is reasonably assured, shall be classed as current assets, and if settlement is deferred beyond one year such items shall be transferred to account 741, ''Other assets.''

NOTE B: The term *nonaffiliated companies* includes all companies other than those defined as affiliated in note B of account 721, ''Investments and advances: Affiliated companies.''

NOTE C: The value of securities borrowed by the accounting company and pledged shall not be included in this account. A memorandum record shall be kept.

NOTE D: The value of securities pledged for purposes other than that of security for funded debt or short-term loans shall be included in accounts 715, ''Sinking funds,'' 716, ''Capital funds,'' or 717, ''Other funds,'' as appropriate.

723 Adjustments; other investments and advances.

(a) This account shall be credited with amounts charged to account 551, ''Miscellaneous income charges,'' to provide for impairment in the value of investment securities and other assets included in account 722, ''Other investments and advances.''

(b) If provision is made for anticipated losses in specific assets, when the assets are written down or written off, or are sold or otherwise disposed of at a loss, the reduction in the book value or the losses sustained shall be charged to this account to the extent of the credit balance in the account applicable to the particular items involved, and the remainder, if any, shall be charged to account 551. ''Miscellaneous income charges.'' Where a general provision for losses in unspecified asset values is maintained, all such losses resulting from write-down, write-offs, etc., shall be charged to this account to the extent of the total credit balance in the account, and the remainder, if any shall be charged to account 551, ''Miscellaneous income charges.''

724 Allowance for net unrealized loss on noncurrent marketable equity securities—Cr.

This account shall reflect the amount by which aggregate cost exceeds market value for the noncurrent marketable equity securities found in accounts 721 and 722. This account shall be debited or credited so that the balance at the balance sheet date shall reflect such difference. (Refer to instruction 5–2.)

This account shall *not* include amounts by which aggregate cost exceeds market value if such differences are judged to be other than temporary. (Such differences should be charged to account 723.)

TANGIBLE PROPERTY

731 Road and equipment property.

This account shall include the accounting company's investment in road and equipment (including that held under contract for purchase), used or held for use as transportation property in existence at the date of the balance sheet. When property is retired from

service, this account shall be credited with the ledger value of the property retired.

NOTE A: This account shall not include any items representing titles to securities.

NOTE B: When equipment or other property is acquired under an agreement which provides that the cost shall be paid in installments, the cost (its money value at time of purchase) shall be charged to the appropriate road and equipment accounts at the time the equipment is delivered to the carrier, and included in this account in the same manner as the cost of equipment purchased outright. When the par value of notes or other securities issued in payment, or in part payment, for such equipment is more (or less) than the actual cash value of the equipment at the time of the purchase, or of the proportion to which the securities are applicable, the difference between the par value of the securities and the actual cash value of the equipment, or of the proportion paid for by the securities, shall be charged (or credited) to the proper discount and premium accounts.

NOTE C: Held for use, as referred to above, implies the ability of the carrier to substantiate within a reasonable period of time, by plan or policy, the probable future use which is to be made of the property.

732 Improvements on leased property.

(a) This account shall include the cost of improvements made by the lessee to property which is held under lease from others or through control of the company owning the property, where such improvements are used by the lessee in transportation service, and the lessee is not to be reimbursed by the lessor for such improvements. (See instruction 2–18.)

(b) The carrier's records shall be kept in such manner as to show the debits and credits to this account in accordance with the provisions for road and equipment.

NOTE A: This account shall not include any itmes representing titles to securities.

NOTE B: When the lessor company includes in account 731, ''Road and equipment property,'' the cost of improvements made by the lessee to property, leased by it from the lessor and settlement is not made at the time for the cost thereof, the lessee, pending settlement with the lessor, shall include the cost thereof in account 721, ''Investments and advances; Affiliated companies,'' or 722, ''Other investments and advances,'' as appropriate.

733 Accumulated depreciation; improvements on leased property.

(a) This account shall be credited with amounts concurrently charged to operating expenses or other authorized accounts for depreciation accrued on improvements to leased property, the cost of which is included in account 732, ''Improvements on leased property.''

(b) The service value of each unit of property retired (and also of each minor item, less than a unit, retired and not replaced) for which this accumulated depreciation account has been established shall be charged to this account.

(c) Instructions for depreciation accounts, rates of depreciation, and records to be maintained, as contained in instruction 4 for owned property, shall also apply to improvements on leased property.

734 Accumulated amortization; improvements on leased property—defense projects.

This account shall include the amounts of accumulated past provisions for amortization of improvements to leased property applicable to defense projects, the cost of which is included in account 732, ''Improvements on leased property.'' This account shall be charged with the amount of the credit balance applicable to specific property at the time the property is retired. The accounting company shall maintain separate subaccounts for amortization of (1) road property and (2) equipment.

735 Accumulated depreciation; road and equipment property.

(a) This account shall be credited with amounts concurrently charged to operating expenses or other authorized accounts to cover the loss in service value of depreciable road and equipment property. It shall also include adjustments which the Board may authorize the accounting company to make such as adjustments for past accruals of depreciation, and provision for material abandonment or other losses applicable to nondepreciable property.

(b) The service value of each unit of depreciable property retired (and also of each minor item, less than a unit,

retired and not replaced) shall be charged to this account. This account shall also be charged for amounts for losses applicable to nondepreciable property retired for which provision was previously made by approval of the Board, and any resultant adjustment of such provision shall be referred to the Board for consideration and decision.

(c) Comprehensive instructions pertaining to depreciation accounts, rates of depreciation, and records to be maintained, are contained in instruction 4.

736 Accumulated amortization; road and equipment property—defense project.

This account shall include the amount of accumulated past provisions for amortization of road and equipment defense projects, the cost of which is included in account 731, ''Road and equipment property.'' This account shall be charged with the amount of the credit balance applicable to specific property at the time the property is retired. The accounting company shall maintain separate subaccounts for amortization of (1) road property and (2) equipment.

737 Property used in other than carrier operations.

This account shall include the accounting company's investment in property other than property assignable to accounts 731, ''Road and equipment property,'' and 732, ''Improvements on leased property,'' such as hotels, restaurants, powerplants, which are not operated by the accounting company or another carrier in connection with its transportation service.

ITEMS OF INVESTMENT

Coal and other mines.
Commercial power plants.
Hotels and restaurants.
Lands and buildings not used in transportation operations.
Lands and other property acquired and held in anticipation of future use.
Mineral and timber lands.
Rails and other track material leased to others.
Saw mills and other manufacturing plants not operated in connection with transportation service.

738 Accumulated depreciation; property used in other than carrier operations.

This account shall be credited with amounts charged to income or other authorized accounts for depreciation accrued on property, the cost of which is included in account 737, ''Property used in other than carrier operations.'' When such property is destroyed, sold, or otherwise retired from service, this account shall be charged with the amount of the credit balance applicable to the property retired.

INTANGIBLE PROPERTY

739 Organization expenses.

This account shall include all fees paid to governments for the privilege of incorporation, and office and other expenditures incident to organizing the corporation and putting it in readiness to do business; cost of preparing and distributing prospectuses; special counsel fees; cost of preparing and issuing certificates of stock; cost of procuring the necessary certificates from State authorities; and other like costs necessary and proper in organizing the enterprise.

NOTE: Cost of soliciting for loans or for the sale of bonds or other evidences of indebtedness shall be charged to balance sheet account 743, ''Other deferred debits.'' (See instruction 5–3.)

OTHER ASSETS AND DEFERRED DEBITS

741 Other assets.

This account shall include the estimated value of salvage recoverable from property retired when the recovery of the salvage is deferred for any reason. (See instruction 2–5 and 2–7.) This account shall also include the estimated realizable amount for other assets of doubtful value, collection of which within one year is not assured; also other deferred assets and miscellaneous assets not otherwise provided for in general balance sheet accounts. (See instruction 5–1.)

743 Other deferred debits.

(a) This account shall include the amount of debit balances in suspense accounts that cannot be cleared and

disposed of until additional information is received, such as frieght claims paid when found to be correct, but in advance of investigation with other carriers; unextinguished discount on short-term notes; unadjusted debit items not otherwise provided for and similar items the proper disposition of which is uncertain

(b) This account shall also include the aggregate amount of the expenses incurred in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations, such as fees for listing long-term obligations on stock exchanges, legal and other fees, cost of tax stamps and similar items. (See definition 9.) Separate subdivisions shall be maintained for each issue of such obligations. (See instruction 5–3.)

744 Accumulated deferred income tax debits.

This account shall include the amount of deferred noncurrent income tax debits and credits determined in accordance with Instruction 1–10 when the balance is a net debit. A net credit balance shall be included in account 786, ''Accumulated deferred income tax credits''.

(49 U.S.C. 10321, 11145; 5 U.S.C. 553)

[47 FR 12350, Mar. 23, 1982]

Liabilities and Shareholders' Equity

CURRENT LIABILITIES

751 Loans and notes payable.

(a) This account shall include the balances representing obligations outstanding in the form of loans and notes payable or other similar evidence (except interest coupons) of indebtedness payable on demand or within a time not exceeding one year from date of issue.

(b) This account shall be kept in such form so as to show separately the amounts of notes payable within one year from date of issue that are secured by collateral.

NOTE A: Loans and notes payable to affiliated companies which are subject to current settlement shall be included in account 757, ''Payables to affiliated companies,'' and noncurrent obligations in account 769, ''Accounts payable; Affiliated companies.''

NOTE B: This account shall not include obligations due within one year which are intended to be refinanced on a long-term basis. Long-term refinancing of short-term obligations means: (1) Replacement with long-term obligations or equity securities, or (2) renewal, extension, or replacement with short-term obligations for an uninterrupted period extending beyond one year from the balance sheet date.

The intention to refinance on a long-term basis shall be supported by the ability to refinance. Evidence of this ability includes either: (1) The actual issuance of an obligation, after the balance sheet date but before the balance sheet is issued, or (2) before the balance sheet is issued, the existence of a financing agreement which is long-term and based on terms readily determinable with no existing violations of its provisions, and with a lender which is financially capable of honoring the agreement.

752 Accounts payable; interline and other balances.

This account shall include the net credit balances payable to other companies representing items such as interline freight, passenger, switching and baggage revenues, charges for equipment interchanged on a per diem or mileage basis, and charges for car repairs, loss and damage freight claims, and overcharge claims.

NOTE: The amount to be entered in this account is not the net balance between this account and account 705, ''Accounts receivable; Interline and other balances.'' Net debit balances receivable from other companies shall be included in account 705.

753 Audited accounts and wages payable.

This account shall include the amount of audited vouchers or accounts and audited payrolls unpaid on the date of the balance sheet. It shall include balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages and all other unpaid vouchered items.

NOTE: The amount of checks and drafts, which have been transmitted to payees and which remain unpaid at the close of the accounting period, shall be credited to account 701, ''Cash.''

754 Accounts payable; other.

This account shall include outstanding drafts drawn by station agents, conductors' refund and extra-fare

checks not presented for redemption, taxes collected from employees and others for the account of taxing agencies, and other items of the nature of demand liabilities not covered by accounts 751, 752, 753, 755, 756, and 757.

NOTE A: The amount to be reported under this account is not the net balance between this account and account 707, ''Accounts receivable; Other.''

NOTE B: The amount of checks and drafts, which have been transmitted to payees and which remain unpaid at the close of the accounting period, shall be credited to account 701, ''Cash.'' When the amount of such checks and drafts cannot be determined with absolute accuracy an estimate of the amount shall be used.

NOTE C: Deposits and other items of affiliated companies subject to current settlement shall be included in account 757, ''Payables to affiliated companies.''

755 Interest payable.

This account shall include the amount of matured and unpaid interest on funded debt, and other obligations of the accounting company for which provision has been made for current settlement. This account shall also include the amount of interest subject to current settlement accrued to the date of the balance sheet, but payable after that date, on obligations of the accounting company.

NOTE: Interest payable on debt to affiliated companies, if subject to current settlement, shall be included in account 757, ''Payables to affiliated companies.'' Noncurrent interest shall be included in account 769, ''Accounts payable; Affiliated companies.'' Interest payable to others which is not paid when it matures shall be included in account 781. ''Interest in default,'' if not subject to current settlement. Where interest is in default, subsequent accruals shall be credited directly to account 781.

756 Dividends payable.

This account shall include the amount of dividends payable on capital stock but unpaid, at the date of the balance sheet.

NOTE: Dividends payable to affiliated companies shall be included in account 757, ''Payables to affiliated companies.''

757 Payables to affiliated companies.

This account shall include amounts payable to affiliated companies which are subject to current settlement such as deposits, demand or time loans, notes payable, interest, dividends, miscellaneous bills, and similar items.

NOTE: Payables to affiliated companies, representing net credit balances for items such as revenues, charges for equipment interchanged, car repairs and claims, shall not be included in this account but in account 752, ''Accounts payable; Interline and other balances.''

759 Accrued accounts payable.

This account shall include estimates of unaudited items payable by the carrier to the date of the balance sheet, including those which are chargeable to revenue, expense, or income accounts. Among the items which should be included in this account are:

Rents payable.

Amounts payable to others for unreported interline traffic.

Amounts payable to others for use of facilities, including equipment, for which bills have not been rendered.

Amounts payable to others for services for which bills have not been rendered.

Estimated amounts payable within one year covering liability for claims for injuries to persons, loss and damage, and similar items.

Amounts payable (estimated if necessary) within one year pursuant to agreements with labor organizations or otherwise for employees vacations now earned.

760 Federal income taxes accrued.

This account shall be credited with the amount accrued for Federal income taxes which has been concurrently charged to the appropriate income or other authorized accounts. Credits to this account that are based upon estimates shall be adjusted during the year so that this account may show, as nearly as practicable the approximate amount of the carrier's unpaid liability for such taxes. Payments of taxes for which accruals have been made shall be debited to this account.

761 State and other income taxes accrued.

This account shall be credited with the amounts accrued for state and other income taxes which have been concurrently charged to the appropriate income or other authorized accounts. Credits to this account that are based upon estimates shall be adjusted during the year so that this account

may show, as nearly as practicable, the approximate amount of the carrier's unpaid liability for such taxes. Payments of taxes for which accruals have been made shall be debited to this account.

761.5 Other taxes accrued.

(a) This account shall be credited with the accruals of all taxes, other than income taxes, which have been concurrently charged to the appropriate income or other accounts for taxes. Such accruals may be based upon estimates, provided such estimates shall be adjusted during the year so that this account may show, as nearly as practicable, the approximate amount of the carrier's unpaid liability for such taxes. Payments of taxes for which accruals have been made shall be debited to this account.

(b) The records supporting the entries in this account shall be kept to show separately by classes of taxes the amount of the tax accruals for the current year and adjustments of accruals for prior years.

NOTE: Amounts for prepayments of taxes shall be included in account 711, ''Prepayments.''

762 Deferred income tax credits.

This account shall include the current portion of deferred income tax charges and credits determined in accordance with Instruction 1–10 when the balance is a net credit. A net debit balance shall be included in account 714, ''Deferred income tax debits''.

(49 U.S.C. 10321, 11145; 5 U.S.C. 553)

[47 FR 12350, Mar. 23, 1982]

763 Other current liabilities.

There shall be included in this account the principal amount of unpresented bonds drawn for redemption through the operation of sinking and redemption fund agreements, also the principal amount of unpresented fund debt obligations, and receivers' and trustees' securities which have matured (for which provision has been made for current settlement), and other current liabilities not includible in the foregoing current liability accounts.

764 Equipment obligations and other long-term debt due within one year.

This account shall include the total amount of bonds, equipment obligations, and other long-term debt, including obligations maturing serially or payable in installments which are due and payable within one year, and for which arrangements for long-term refinancing have not been made (See note B to account 751, ''Loans and notes payable'') or for which no sinking funds have been provided. This account shall be subdivided according to the different classes of debt.

LONG-TERM DEBT DUE AFTER ONE YEAR

765 Funded debt unmatured.

(a) This account shall include the total par value of unmatured debt (other than equipment obligations), maturing more than one year from the close of the accounting period, including obligations due within one year which are expected to be refinanced on a long-term basis (see note B to account 751, ''Loans and notes payable''), whether the securities were issued by the accounting company or the payment was assumed by the accounting company after being issued as the debt of other companies. (See account 764, ''Equipment obligations and other long-term debt due within one year.'')

(b) The amounts included in this account shall be divided to show the par value of (1) certificates or other evidences of funded debt (pledged and unpledged) held in the company's treasury, by its agents or trustees, or otherwise subject to its control, including both those reacquired after actual issue and those nominally but never actually issued; and (2) certificates or other evidences of funded debt issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control.

(c) The amounts included herein shall be further divided so as to show the amount of each class of funded debt, as follows:

(1) *Mortgage bonds.* Bonds secured by lien on physical property and not includible in the other subdivisions of this account.

(2) *Collateral trust bonds.* Bonds and notes secured by a lien on securities or

other negotiable paper; and stock trust certificates that are similar in character to collateral trust bonds.

(3) *Income bonds.* Bonds which are a lien on a carrier's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only in case interest is earned.

(4) *Miscellaneous obligations.* All funded obligations not provided for by the other subdivisions of this account, also notes, unsecured certificates of indebtedness, debenture bond, plain bonds, real estate mortgages executed or assumed and other similar obligations maturing more than one year from date of issue, but excluding liabilities for assessments for public improvements and those evidenced by conditional or deferred equipment purchase contracts for which provision is made in accounts 782, ''Other liabilities,'' and 766, ''Equipment obligations,'' respectively.

(5) *Receipts outstanding for funded debt.* Receipts for payments on account of funded debt. When certificates are issued for such payments, the par value shall be included in the account covering the class of funded debt for which the certificates are issued.

(d) Each of the above classes shall also be divided into subclasses according to differences in mortgage or other lien or security therefor, rate of interest, interest dates, or date of maturity. Parts of any issue agreeing in other characteristics but maturing serially may be treated as of the same subclass.

(e) Records shall be maintained in such manner as to show (1) securities the issuance or assumption of which has been authorized by the Board under provisions of the Interstate Commerce Act, and similar securities issued or assumed prior to the effective date of such provisions of the Act, and (2) other obligations of a kind which may legally be issued or assumed without such authorization.

NOTE A: Securities (other than equipment obligations) maturing one year or less from date of issue shall be included in accounts 757, ''Payables to affiliated companies,'' 769, ''Accounts payable; Affiliated companies,'' or 751, ''Loans and notes payable,'' as appropriate, except that where an issue of securities maturing serially over a period of years contains short-term obligations such obligations may be included as funded debt. Mature funded debt shall be included in account 763, ''Other current liabilities,'' if provision has been made for current settlement. If no provision has been made for current settlement, matured funded debt shall be included in account 768, ''Debt in default,'' except that when the collection of matured funded debt of affiliated companies is not enforced by controlling companies, the principal amount (to the extent held by a controlling company) shall be included in account 769, ''Accounts payable; Affiliated companies.''

NOTE B: See definitions 2, actually issued; 3, actually outstanding; 13, nominally issued; and 14, nominally outstanding.

NOTE C: Nonnegotiable notes having a maturity of more than one year after date of issue, held by affiliated companies, shall be included in account 769, ''Accounts payable; Affiliated companies.''

NOTE D: Securities nominally issued or reacquired and held in the company's treasury, except securities held by trustees in sinking or other funds, shall be included in a subdivision of this account. In the general balance sheet statement the total unmatured funded debt included in this account shall be shown in the first short column. The amount nominally but not actually issued and the amount nominally outstanding shall be shown in the second short column, and in the long column shall be shown the amount actually outstanding.

766 Equipment obligations.

(a) This account shall include the par value of equipment securities and the principal amount of contractual obligations for the purchase of equipment, excluding principal or obligations maturing serially or payable in installments within one year from the close of the accounting period, and including obligations due within one year which are expected to be refinanced on a long-term basis (see account 764, ''Equipment obligations and other long-term debt due within one year''); for explanation of long-term refinancing, see note B to account 751, ''Loans and notes payable.''

(b) The amounts included herein shall be divided as follows:

(1) Principal amount of equipment securities including those maturing serially, issued or assumed by the accounting company or by receivers and trustees, which have been authorized by the Board under provisions of the Interstate Commerce Act and similar securities issued or assumed prior to

the effective date of such provisions of the act.

(2) Principal sums of obligations for equipment purchased under conditional or deferred payment contracts, which may be legally entered into or assumed by the accounting company or by receivers and trustees, without authorization by the Board.

766.5 Capitalized lease obligations.

(a) Long-term leases which are clearly in substance installment purchases shall be capitalized. The liability under such leases which have been capitalized in fixed asset accounts shall be recorded in this account. (See instruction 2–20.)

(b) This account shall be kept so as to show the liability under each lease obligation.

NOTE A: The portion of the liability for long-term leases which is payable within 1 year of the close of the accounting period is includible in account 764, Equipment obligations and other long-term debt due within one year.

NOTE B: Leases which merely state the right to use property and a related obligation to pay specific rents over a definite future period shall not be considered to be assets and liabilities.

(49 U.S.C. 12, 20, 304, 913 and 1012)

[42 FR 56611, Oct. 27, 1977]

767 Receivers' and trustees' securities.

When receivers or trustees acting under the orders of a court are in possession of the property of the company, and under the order of such court issue or assume evidences of indebtedness (other than equipment securities or obligations) the par value of such evidences shall be credited to this account.

NOTE: The par value of equipment securities or the principal amount of obligations incurred for the purchase of equipment under conditional or deferred payment contracts shall be included in account 766, ''Equipment obligations.''

768 Debt in default.

This account shall include amounts transferred from other accounts representing matured funded securities or obligations, receivers' and trustees' securities, equipment obligations and short-term notes, when maturity dates of such obligations have not been extended

NOTE A: The principle amount of matured funded debt of affiliated companies the collection of which is not enforced by the controlling company shall (to the extent of the principal amount held by the controlling company) be included in account 769, ''Accounts payable; Affiliated companies.''

NOTE B: The principal amount unpresented funded debt obligations which have matured, and for which provision has been made for payment shall be included in account 763, ''Other current liabilities.''

769 Accounts payable; affiliated companies.

This account shall include the par value of nonnegotiable notes issued to affiliated companies; also matured funded debt of affiliated companies held by controlling companies where there is no agreement for an extension as to time of payment and collection of the principal is not enforced; credit balances in open accounts with such companies other than credit balances classable as current liablilities, and interest accrued on notes, matured funded debt of affiliated companies and open accounts included in this account, when such interest is not subject to current settlements. The amounts included herein shall be divided as follows:

(a) Notes, including not only nonnegotiable notes that run longer than a term of one year, but also such notes payable on demand or within one year from the date of issue when it is mutually agreed that the notes shall not be enforced as current assets by the holder.

(b) Par value of matured funded debt of affiliated companies held by controlling companies where there is no agreement for an extension of time and collection is not enforced.

(c) Open accounts not subject to current settlement.

(d) Interest accrued on amounts included in this account when not subject to current settlement.

NOTE A: Accounts with affiliated companies which are subject to current settlement shall be classed as current assets or current liabilities, as appropriate.

NOTE B: No item shall be included in this account which is not known to be the property of an affiliated company.

NOTE C: The term *affiliated companies* includes:

1. Controlled companies, including companies solely controlled by the accounting company, and also companies jointly controlled by the accounting company and others under a joint arrangement. (See definition 4.)

2. Controlling companies, including both companies solely controlling the accounting company, and companies which jointly control the accounting company under a joint arrangement.

3. Companies controlled by controlled companies.

4. Companies controlled by controlling companies.

By *control* (See definition 8) is meant the ability to determine the action of a corporation. For the purposes of this account, the following are to be considered forms of control:

(a) Right through title to securities issued or assumed to exercise the major part of the voting power in the controlled corporation.

(b) Right through agreement of some character or through some source other than title to securities, to name the majority of the board of directors, managers, or trustees of the controlled corporation.

(c) Right to foreclose a first lien upon all or a major part in value of the tangible property of the controlled corporation.

(d) Right to secure control in consequence of advances made for construction of the operating property of the controlled corporation.

(e) Right to control only in a specific respect the action of the controlled corporation.

A leasehold interest in the property of a corporation is not to be classed as a form of control over the lessor corporation.

Sole control is that which rests in one corporation.

Joint control is that which rests in two or more corporations and which is held under a joint arrangement.

770.1 Unamortized debt discount.

This account shall include the total of the net debit balances representing the excess of the discount over the premimium in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations. Separate subdivisions shall be maintained for each issue of such obligations. (See instruction 5–3.)

NOTE A: Issue costs related to long-term debt (debt expense) shall be included in account 743, ''Other deferred debits.'' (See instruction 5–3.)

NOTE B: When long-term obligations are refinanced the balance of debt discount and expense pertaining to the old obligations shall be transferred to account 551, ''Miscellaneous income charges.''

770.2 Unamortized premium on debt.

This account shall include the total of all credit balances representing the excess of the premium over the discount and expenses in connection with the issuance of each class of the carrier's outstanding long-term or equipment obligations. Separate subdivisions shall be maintained for each issue of obligations. (See instruction 5–3.)

OTHER LONG-TERM LIABILITIES

771 Accrued liability; pension and welfare.

(a) This account shall include the credit balances accrued representing the estimated liability of the carrier for amounts provided by charges to operating expenses, including amounts contributed by employees, irrespective of whether carried in special funds or in general funds of the carrier, for pensions, accident and death benefits, savings, relief, hospital, or other provident purposes.

(b) The carrier may use the ''full accrual basis'' to account for pension costs upon prior approval of the Board. Full accrual basis as used herein means recording in the accounts now and hereafter costs of employees pensions accrued, including credits for past services, upon the basis of actuarial computations, even though the sum has not been funded by payment to the trustees. Applications for such accounting shall show the method of computation, together with the carrier's proposal for recording in the accounts the related income tax credits to be realized in subsequent years.

(c) This account shall be charged when payments are made to retired employees, or disbursements are made for the purposes for which liability was provided.

(d) Separate subaccounts shall be maintained to show the amount provided for each liability and the nature of and amounts of debits and credits to the subaccounts.

772 Accrued liability; leased property.

(a) This account shall be credited with amounts concurrently charged to operating expenses or other accounts to cover the accrued liability on leased road and equipment when settlement between the accounting carrier and the lessor is not made currently. The amounts recorded shall include unsettled rent, based on depreciation or other factors, and liability for property retired.

(b) This account shall be divided to show the liability to (1) affiliated companies (See definition 4), and (2) others.

774 Accrued liability; casualty and other claims.

(a) This account shall be credited with the amounts charged to operating expense to provide for estimated liabilities for claims for deaths of or injuries to employees and others, and for damages to property not owned or held under lease by the carrier; for claims for loss, destruction, damage, or delays to property entrusted to the carrier for transportation or storage; for revenue over charges, such as those covered by reparation claims; and for similar items. No credits shall be made to this account for amounts recoverable from insurance companies or others.

(b) Separate subaccounts shall be maintained to show the amount provided for each liability and the nature of and amounts of debits and credits to the subaccounts.

(c) If settlements for claims when audited are charged to this account, the balances for each year shall be kept separately until all items have been adjusted and cleared. If the settlements when audited are charged to the appropriate expense accounts, the balance in this account shall be adjusted through the expense accounts so as to reflect the probable liability at the close of each accounting period for claims which have been or may be filed for actuarial occurrences.

(d) Estimates of amounts payable within one year covering liability for claims shall be transferred from this account to account 759, ''Accrued accounts payable.''

775 Other accrued liabilities.

(a) This account shall be credited with the amounts accrued for estimated liabilities or losses provided by charges to operating expense or income accounts which are not provided for in any of the preceding accrued liability accounts.

(b) Separate subaccounts shall be maintained to show the amount provided for each liability and the nature of and amounts of debits and credits to the subaccounts.

(c) Upon accomplishment of the purpose for which each accrued liability was provided in this account, any remaining balance in the applicable subaccount shall be cleared to the appropriate operating expense or other account. Prior Board approval shall be required for clearance of balances in accrued liability subaccounts which were originally established by authority of the Board.

(d) Estimates of amounts payable within one year covering any liability included in this account shall be transferred to account 759, ''Accrued accounts payable.''

781 Interest in default.

This account shall include the amount of matured and unpaid interest (for which no provision has been made for current settlement) on all indebtedness issued or assumed by the accounting company except interest which is added to the principal of the debt on which incurred. Where interest is in default, subsequent accruals shall be credited to this account.

NOTE: Interest matured and unpaid on debt to affiliated companies, if not subject to current settlement, shall be included in account 769, ''Accounts payable; Affiliated companies.''

782 Other liabilities.

This account shall include assessments for public improvements; retained amounts due governmental agencies for construction work; percentages due contractors to be paid upon completion of contracts; deposits for construction of side tracks to be refunded on basis of an agreed portion of the earnings from the traffic handled over the tracks and similar liabilities

not payable within one year: This account shall also include other deferred and noncurrent liabilities not otherwise provided for in general balance sheet accounts. Assessments for public improvements and amounts due governmental agencies and others for payments to be made within one year, shall be included in account 763, ''Other current liabilities,'' or other appropriate current liability account.

783 Deferred revenues—transfers from government authorities.

This account shall include amounts representing the cost of acquisition, addition to, or improvement of depreciable operating property received, or receivable from Federal, state, or local authorities. Items to be included in this account shall be determined in accordance with instruction 1–15.

An appropriate record shall be maintained of each asset associated with these transfers showing: (1) Original cost to carrier (or fair value if not purchased), (2) accumulated depreciation, and (3) estimated salvage value, if any.

This account shall be charged periodically, and account 503, ''Railway Operating Revenues—Amortization of Deferred Transfers from Government Authorities,'' shall be credited with amounts equal to the depreciation costs of the assets to which they apply. When such assets are retired or otherwise disposed of, this account shall be charged, and account 503 concurrently credited with any remaining associated amounts. (See instruction 1–15.)

NOTE A: This account shall not include government transfers in the form of, or designated for the purchase of land or other non-depreciable property. Transfers of this type are includible in account 795, ''Other Capital.''

NOTE B: This account shall not include transfers from the Federal Government to either Amtrak or ConRail representing the cost of depreciable and non-depreciable operating property.

(49 U.S.C. 304, 320)

[43 FR 30558, July 17, 1978]

DEFERRED CREDITS

784 Other deferred credits.

(a) This account shall include the amount of credit balances in suspense accounts that cannot be disposed of until services are performed or additional information is received, such as amounts received from sale of mileage tickets, to be disposed of as mileage is honored; amounts received from sales of excess baggage script, to be disposed of as coupons are honored; interchangeable mileage credential ticket redemption funds, amounts collected from the sale of damaged, unclaimed, and over freight held pending final disposition, unadjusted credit items not otherwise provided for; and similar items, the proper disposition of which is uncertain.

786 Accumulated deferred income tax credits.

(a) This account shall be credited with the noncurrent portions of deferred income tax debits and credits when the balance is a net credit, as determined by Instruction 1–10. A net debit balance shall be included in account 744, ''Accumulated deferred income tax debits''.

(b) This account shall be credited with the amount of investment tax credits utilized in the current year for income tax purposes but deferred for accounting purposes (see Instruction 1–10).

(c) This account shall be concurrently debited with amounts credited to account 557, ''Provision for deferred taxes,'' representing amortization of amounts for investment tax credits deferred in prior accounting periods.

(d) This account shall be maintained in such a manner as to show separately:

(1) the unamortized balance of deferred income taxes and deferred investment tax credit separately as of the beginning and as of the end of each year (2) the entries that affected the account balance, and (3) the current year's net credits or charges applicable to timing differences and deferred investment tax credits.

NOTE A: For definitions of income tax terminology see Definition 20. Account 557, ''Provision for deferred taxes'', and account 591, ''Provision for deferred taxes—Extraordinary item,'' shall concurrently be charged (credited) with the net effect of material timing effects. Other related deferred income tax balance sheet accounts are:

Account 714, ''Deferred income tax debit.''

Account 744, ''Accumulated deferred income tax debits.''
Account 762, ''Deferred income tax credits.''
(49 U.S.C. 10321, 11145; 5 U.S.C. 553)

[47 FR 12350, Mar. 23, 1982]

SHAREHOLDERS' EQUITY

791 Capital stock.

(a) This account shall include the par value of stocks with par value; the stated value of no par stock having a stated value; and the cash value of the consideration received or the amount approved by the Board for no par stocks without stated value for all shares of capital stock or other form of proprietary interest in the accounting company which have been issued to bona fide purchasers and have not been reacquired and canceled, also shares of stock nominally issued.

(b) This account also shall include amounts transferred from retained earnings for no par stock without stated value when approved by the Board.

(c) The amount of the consideration received from the sale of par value stock and no par stock having a stated value in excess of the amount credited to this account shall be credited to account 794, ''Premiums and assessments on capital stock.''

(d) When capital stock is retired or canceled, this account shall be charged with the amount at which such stock is carried in this account. In the case of no par stock without stated value, the amount to be charged shall be the proportion, applicable to the reacquired shares immediately prior to reacquisition, of the total book liability included herein of actually outstanding shares of the particular class and series of stock of which the reacquired shares are a part.

(e) The amounts included in this account shall be recorded so as to show (1) par value of shares of par value stock; the stated value of shares of no par stock, and the amount paid in or approved by the Board for no par stock without stated value (pledged or unpledged), held in the company's treasury, by its agents or trustees, or otherwise subject to its control, including shares nominally but never actually issued and (2) par value of shares of par value stock, the stated value of shares of no par stock, and the amount paid in or approved by the Board for shares of no par stock without stated value, issued and actually outstanding, being the shares not held by the company, its agents, or trustees, or subject to its control.

(f) The amounts recorded shall be further divided so as to show the amount of each class of stock issued, separated as between par value and no par value stock, as follows:

(1) *Common stock.* Stocks which have no preference over other issues of stock in distribution of dividends or of assets.

(2) *Preferred stock.* Stocks having preference over other issues of stock in distribution of dividends or of assets.

(3) *Debenture stock.* Stock issued under a contract to pay a specified return at specified intervals.

(4) *Receipts outstanding for installments paid.* Receipts for payments on account of subscriptions to capital stock.

(g) When the subscriber has paid his subscription in full and is entitled to receive certificates representing the shares for which he has subscribed, the par value of stocks having par value, the stated value of no par stock, or the agreed purchase price or the price authorized by the Board for no par stock without stated value, as appropriate, shall be included in the division for the class for which the certificates are issued.

(h) Each of the above classes shall also be divided into subclasses according to differences in dividend or interest rights, voting rights, or conditions under which the securities may be retired.

NOTE A: When a general levy or assessment is made against the holders of capital stock requiring the payment of any sum in addition to the consideration agreed upon at the time of sale, the amount collected shall be credited to account 794, ''Premiums and assessments on capital stock.''

NOTE B: When no par stock without stated value is issued in exchange for par stock, or no par stock with stated value, amounts included in account 794, ''Premiums and assessments on capital stock,'' for the retired stock, shall be transferred to this account, and any amounts icluded in the discount account for the retired stock shall be charged to account 795, ''Other capital''; *Provided, however,* That any excess over the amount of

accumulated net gains applicable to the subclass exchanged included in account 795 shall be charged to account 616, ''Other debits to retained earnings.''

NOTE C: An appropriate record shall be maintained with respect to shares of capital stock showing the number of shares nominally issued, nominally outstanding, actually issued and actually outstanding.

NOTE D: See definitions 2, actually issued; 3, actually outstanding; 13, nominally issued; and 14, nominally outstanding.

792 Capital stock to be distributed.

This account shall include the company's liability under agreements to exchange its capital stock for the outstanding securities of companies whose physical property has been acquired under such agreements, but whose securities have not yet been surrendered for exchange. This account shall also include stock dividends declared that remain undistributed at the end of an accounting period.

[42 FR 35017, July 7, 1977, as amended at 52 FR 4347, Feb. 11, 1987]

793 Discount on capital stock.

This account shall include the excess of the par or stated value recorded in account 791, ''Capital stock,'' (at the time of original sale of par value stock and no par stock with a stated value) plus accrued dividends, if any, over the cash value of the consideration received.

794 Premiums and assessments on capital stock.

(a) This account shall include the excess of the actual cash vlaue of the consideration received (at the time of original sale of par value stock and no par stock with a stated value) over the par or stated value of the stock issued, plus accrued dividends, if any, and subsequent assessments against stockholders representing payments required in excess of par or stated value.

(b) Separate subdivisions shall be maintained for premiums and for assessments on each class and series of stock.

(c) When capital stock is retired and canceled, this account shall be charged with the amount of assessments and premiums originally recorded for the shares of stock retired and canceled.

795 Other capital.

(a) This account shall include all other capital not classified as retained earnings. It shall include such items as the amount of consent dividends on the accounting company's capital stock; capital arising from donations by stockholders of capital stock of the company or other contribution to capital; amounts representing reduction of the par or recorded value of the accounting company's capital stock, including reductions arising in merger of a railroad and pooling of interest (see instruction 2–15(d)); capital from reorganization of the company (see instruction 2–16); and amounts of forfeited subscriptions to the accounting company's capital stock. This account shall also include gains from the acquisition, retirement, or resale of reacquired shares of the accounting company's capital stock; and forgiveness by stockholders as a contribution to capital of long-term debt owed to them.

(b) This account shall be charged with amounts included herein when capitalized by stock dividends or otherwise with the approval of the Board, and losses from retirement or resale of reacquired shares up to an amount not in excess of credits included herein applicable to the reacquired shares; and may be charged with the amortization of discount on capital stock to the extent of credits herein for such stock.

(c) This account shall be subdivided to show each source of other capital.

(d) This account shall be subdivided to show the cumulative amounts representing the cost of nondepreciable operating property received from government authorities, in accordance with the provisions of instruction 1–15.

(e) This account shall also be subdivided to show the cumulative amounts representing the cost of depreciable and nondepreciable operating property received by Amtrak or Conrail from the Federal Government. (See instruction 1–15.)

(49 U.S.C. 304, 320)

[42 FR 35017, July 7, 1977, as amended at 43 FR 30558, July 17, 1978]

797 Retained earnings; appropriated.

This account shall include the accumulated amount of retained earnings

which has been appropriated and set aside according to provisions of mortgages, deeds of trust, reorganization plans, or other agreements requiring payments into capital funds, sinking funds, or other funds; and also appropriations for general contingencies, possible future losses (not in the category of liabilities actually incurred), and other corporate purposes. This account shall be subdivided by classes of appropriations showing the purpose for which each appropriation is made.

798 Retained earnings; unappropriated.

(a) This account shall include the net balance (debit or credit) of the amounts included in accounts 601 to 623, inclusive. It shall not include transfers either to or from account 795, ''Other capital,'' unless authorized upon application to the Board.

(b) Any balance representing retained earnings not segregated at the date of the balance sheet shall be included in a subdivision of this account.

(c) The balance of accounts 601 to 623, inclusive, shall be closed into this account at the end of each calendar year.

798.1 Net unrealized loss on noncurrent marketable securities.

This account shall include the accumulated changes in account 724 to the extent that these changes represent a net unrealized loss (aggregate cost exceeds market value).

798.5 Treasury stock.

(a) This account shall include in subdivisions for each class the reacquisition cost of capital stock which has been actually issued or assumed by the carrier, then reacquired, and is neither retired nor canceled, nor properly includable in sinking or other funds.

(b) This account shall be maintained to reflect separately securities pledged and unpledged.

(c) This account shall be shown on the balance sheet as a deduction in arriving at stockholders' equity.

NOTE: The accounting for the reacquisition and resale of capital stock shall be in accordance with instruction 5–4, paragraphs (e) through (g).

FORM OF GENERAL BALANCE SHEET STATEMENT

The classified form of general balance sheet statement is designed to show the financial condition of the accounting company at any specified date.

ASSETS

Current assets:
701. Cash.
702. Temporary cash investments.
703. Special deposits.
704. Loans and notes receivable.
705. Accounts receivable; Interline and other balances.
706. Accounts receivable; Customers.
707. Accounts receivable; Other.
708. Interest and dividends receivable.
708.5. Receivables from affiliated companies.
709. Accrued accounts receivable.
709.5. Allowance for uncollectible accounts.
Net receivables.
710. Working funds.
711. Prepayments.
712. Material and supplies.
713. Other current assets.
714. Deferred income tax debits.
Total current assets.

Special funds:
715. Sinking funds.
716. Capital funds.
717. Other funds.
Total special funds.

Investments:
721. Investments and advances; affiliated companies.
Undistributed earnings from certain investments in account 751.
721.5. Adjustments; investments and advances—affiliated companies.
Net—investments and advances—affiliated companies.
722. Other investments and advances.
723. Adjustments; Other investments and advances.
724. Allowance for net unrealized loss on noncurrent marketable equity securities—Cr.
Net—other investments and advances.
Total investments.

Tangible property:
731. Road and equipment property.
735. Accumulated depreciation; Road and equipment property.
736. Accumulated amortization; Road and equipment property—Defense projects.
Net road and equipment property.
732. Improvements on leased property.
733. Accumulated depreciation; Improvements on leased property.
734. Accumulated amortization; Improvements on leased property—Defense projects.
Net improvements on leased property.
Total carrier property.
737. Property used in other than carrier operations.
738. Accumulated depreciation; Property used in other than carrier operations.
Net—property used in other than carrier operations.
Total tangible property.

Intangible property:
739. Organization expenses.

Other assets and deferred debits:
741. Other assets.
743. Other deferred debits.

ASSETS—Continued

744. Accumulated deferred income tax debits.
Total other assets and deferred debits.
Total assets.

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:
751. Loans and notes payable.
752. Accounts payable; Interline and other balances.
753. Audited accounts and wages payable.
754. Accounts payable; Other.
755. Interest payable.
756. Dividends payable.
757. Payables to affiliated companies.
759. Accrued accounts payable.
760. Federal income taxes accrued.
761. State and other income taxes accrued.
761.5. Other taxes accrued.
762. Deferred income tax credits.
763. Other current liabilities.
764. Equipment obligations and other long-term debt due within one year.
Total current liabilities.

Long-term debt due after one year:[1]
765. Funded debt unmatured.
766. Equipment obligations.
766.5. Capitalized lease obligations.
767. Receivers' and trustees' securities.
768. Debt in default.
769. Accounts payable; Affiliated companies.
770.1 Unamortized debt discount.
770.2 Unamortized premium on debt.
Total long-term debt due after one year.

Other long-term liabilities:
771. Accrued liability; Pension and welfare.
772. Accrued liability; Leased property.
774. Accrued liability; Casualty and other claims.
775. Other accrued liabilities.
781. Interest in default.
782. Other liabilities.
Total other long-term liabilities.

Deferred credits:
783. Deferred revenues—transfers from government authorities.
784. Other deferred credits.

ASSETS—Continued

786. Accumulated deferred income tax credits.
Total deferred credits.

Shareholders' equity:

Capital stock:
791. Capital stock.
792. Liability for conversion of capital stock.
793. Discount on capital stock.
Total capital stock.

Additional capital:
794. Premiums and assessments on capital stock.
795. Other capital.
Total additional capital.

Retained earnings:
797. Retained earnings; Appropriated.
798. Retained earnings; Unappropriated.
798.1 Net unrealized loss on noncurrent marketable equity securities.
Total retained earnings.
798.5 Treasury stock.
Total shareholders' equity.
Total liabilities and shareholders' equity.

[1] To be divided as to ''Total issued'' and ''Held by or for company.''

(49 U.S.C. 12, 20, 304, 913 and 1012)

[42 FR 35017, July 7, 1977, as amended at 42 FR 56611, Oct. 27, 1977; 43 FR 30558, July 17, 1978]

CONVERSION TABLES

Operating Expense Accounts.
Transportation Operating Revenue Accounts.
Income Accounts.
Retained Income Accounts.
General Balance Sheet Accounts.

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
Maintenance of Roadway and Structures						
Superintendence	201	11–13–02	21–13–02	.....	41–13–02	61–13–02
		11–13–03	21–13–03	.....	41–13–03	61–13–03
		11–13–04	21–13–04	.....	41–13–04	61–13–04
		11–13–05	21–13–05	.....	41–13–05	61–13–05
		11–13–06	21–13–06	.....	41–13–06	61–13–06
Roadway maintenance	202	11–11–10	21–11–10	39/40–11–10	41–11–10	61–11–10
		11–12–10	21–12–10	39/40–12–10	41–12–10	61–12–10
		11–11–11	21–11–48	39/40–11–48	41–11–48	61–11–48
		11–12–11	21–12–11	39/40–12–11	41–12–11	61–12–48
Tunnels and subways	206	11–11–11	21–11–11	39/40–11–11	41–11–11	61–11–11
		11–12–11	21–12–11	39/40–12–11	41–12–11	61–12–11
		11–11–48	21–11–48	39/40–11–48	41–12–48	61–12–48
		11–12–48	21–12–48	39/40–12–48	41–12–48	61–12–48
Bridges, trestles and culverts	208	11–11–12	21–11–12	39/40–11–12	41–11–12	61–11–12
		1–12–12	21–12–12	39/40–12–12	41–12–12	61–12–12
		11–11–48	21–11–48	39/40–11–48	41–11–48	61–11–48
		11–12–48	21–12–48	39/40–12–48	41–12–48	61–12–48
Elevated structures	210	11–11–12	21–11–12	39/40–11–12	41–11–12	61–11–12
		11–12–12	21–12–12	39/40–12–12	41–12–12	61–12–12

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE—Continued

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
		11–11–48	21–11–48	39/40–11–48	41–11–48	61–11–48
		11–12–48	21–12–48	39/40–12–48	41–12–48	61–12–48
Ties	212	.....	21–11–13	.....	.....	.....
		.....	21–12–13	.....	.....	.....
		.....	21–11–48	.....	.....	.....
		.....	21–12–48	.....	.....	.....
Rails	214	.....	21–11–14	.....	.....	.....
		.....	21–12–14	.....	.....	.....
		.....	21–11–48	.....	.....	.....
		.....	21–12–48	.....	.....	.....
Other track material	216	.....	21–11–15	.....	.....	.....
		.....	21–12–15	.....	.....	.....
		.....	21–11–48	.....	.....	.....
		.....	21–12–48	.....	.....	.....
Ballast	218	.....	21–11–16	.....	.....	.....
		.....	21–12–16	.....	.....	.....
		.....	21–11–48	.....	.....	.....
		.....	21–12–48	.....	.....	.....
Track laying and surfacing	220	11–11–17	21–11–17	39/40–11–17	41–11–17	61–11–17
		11–12–17	21–12–17	39/40–12–17	41–12–17	61–12–17
		11–11–48	21–11–48	39/40–11–48	41–11–48	61–11–48
		11–12–48	21–12–48	39/40–12–48	41–12–48	61–12–48
Fences, snowsheds and signs	221	11–13–28	21–13–28	39/40–13–28	41–13–28	61–13–28
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Station and office buildings	227	11–13–23	21–13–23	39/40–13–23	41–13–23	61–13–23
		11–13–33	21–13–33	39/40–13–33	41–13–33	61–13–33
		11–13–35	21–13–35	39/40–13–35	41–13–35	61–13–35
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Roadway buildings	229	11–13–28	21–13–28	39/40–13–28	41–13–28	61–13–28
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Water stations	231	11–13–27	21–13–27	39/40–13–27	41–13–27	61–13–27
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Fuel stations	233	11–13–27	21–13–27	39/40–13–27	41–13–27	61–13–27
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Shops and enginehouses	235	11–13–24	21–13–24	39/40–13–24	41–13–24	61–13–24
		11–13–25	21–13–25	39/40–13–25	41–13–25	61–13–25
		11–13–26	21–13–26	39/40–13–26	41–13–26	61–13–26
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Grain elevators	237	11–13–35	21–13–35	39/40–13–35	41–13–35	61–13–35
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Storage warehouses	239	11–13–28	21–13–28	39/40–13–28	41–13–28	61–13–28
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Wharves and docks	241	11–13–32	21–13–32	39/40–13–32	41–13–32	61–13–32
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Coal and ore wharves	243	11–13–29	21–13–29	39/40–13–29	41–13–29	61–13–29
		11–13–30	21–13–30	39/40–13–30	41–13–30	61–13–30
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
TOFC/COFC terminals	244	11–13–31	21–13–31	39/40–13–31	41–13–31	61–13–31
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Communication systems	247	11–13–20	21–13–20	39/40–13–20	41–13–20	61–13–20
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Signals and interlockers	249	11–11–19	21–11–19	39/40–11–19	41–11–19	61–11–19
		11–12–48	21–12–48	39/40–12–48	41–12–18	61–12–18
		11–11–48	21–11–48	39/40–11–48	41–11–48	61–11–48
		11–12–48	21–12–48	39/40–12–48	41–12–48	61–12–48
Power plants	253	11–13–21	21–13–21	39/40–13–21	41–13–21	61–13–21
		11–13–24	21–13–24	39/40–13–24	41–13–24	61–13–24
		11–13–28	21–13–25	39/40–13–25	41–13–25	61–13–25
		11–13–26	21–13–26	39/40–13–26	41–13–26	61–13–26
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Power transmission systems	257	11–13–21	21–13–21	39/40–13–21	41–13–21	61–13–21
		11–13–24	21–13–24	39/40–13–24	41–13–24	61–13–24
		11–13–25	21–13–25	39/40–13–25	41–13–25	61–13–25
		11–13–26	21–13–26	39/40–13–26	41–13–26	61–13–26
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Miscellaneous structures	265	11–13–28	21–13–28	39/40–13–28	41–13–28	61–13–28
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE—Continued

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
Roadway property; depreciation	266	.....	.....	.....	.....	62–11–00
		.....	.....	.....	.....	62–12–00
		.....	.....	.....	.....	62–13–00
Retirements; road	267	.....	.....	.....	.....	[2]61–11–99
		.....	.....	.....	.....	61–12–99
		.....	.....	.....	.....	61–13–99
Roadway machines	269	11–13–36	21–13–36	39/40–13–36	41–13–36	61–13–36
		11–13–48	21–13–48	39/40–13–48	41–13–48	61–13–48
Dismantling retired road property	270	11–11–39	21–11–39	.....	41–11–39	61–11–39
		11–12–39	21–12–39	.....	41–12–39	61–12–39
		11–13–39	21–13–39	.....	41–13–39	61–13–39
Small tools and supplies	271	11–13–37	21–13–37	39/40–13–37	41–13–37	61–13–37
Removing snow, ice and sand	272	11–13–38	21–13–38	39/40–13–38	41–13–38	61–13–38
Public improvements; maintenance	273	11–11–22	21–11–22	39/40–11–22	41–11–22	61–11–22
		11–12–22	21–12–22	39/40–12–22	41–12–22	61–12–22
Injuries to persons	274	11–11–99	.....	.....	.....	61–11–99
		11–12–99	.....	.....	.....	61–12–99
		11–13–99	.....	.....	.....	61–13–99
		11–61–92	21–61–92	41–61–92	.....	61–61–92
		.....	.....	.....	.....	52–11–00
		.....	.....	.....	.....	52–12–00
		.....	.....	.....	.....	52–13–00
Insurance	275	.....	.....	.....	.....	53–11–00
		.....	.....	.....	.....	53–12–00
		.....	.....	.....	.....	53–13–00
Stationery and printing	276	.....	21–11–xx	.....	[2]41–11–xx	.....
		.....	21–12–xx	.....	41–12–xx	.....
		.....	21–13–xx	.....	41–13–xx	.....
Employees health and welfare benefits	277	12–11–00	.....	.....	.....	.....
		12–12–00	.....	.....	.....	.....
		12–13–00	.....	.....	.....	.....
Maintaining joint tracks, yards and other facilities—Dr	278	.....	.....	37–11–00	.....	.....
		.....	.....	37–12–00	.....	.....
		.....	.....	37–13–00	.....	.....
Maintaining joint tracks, yards and other facilities—Cr	279	.....	.....	38–11–00	.....	.....
		.....	.....	38–12–00	.....	.....
		.....	38–13–00	.....	.....	.....
Right-of-way expenses	281	11–11–99	21–11–99	.....	41–11–99	61–11–99
		11–12–99	21–12–99	.....	41–12–99	61–12–99
		11–13–99	21–13–99	.....	41–13–99	61–13–99
Other expenses	282	11–11–99	21–11–99	.....	41–11–99	61–11–99
		11–12–99	21–12–99	.....	41–12–99	61–12–99
		11–13–99	21–13–99	.....	41–13–99	61–13–99
Maintenance of Equipment						
Superintendence	301	11–21–01	21–12–01	.....	41–21–01	61–21–01
		11–22–01	21–22–01	.....	41–22–01	61–22–01
		11–23–01	21–23–01	.....	41–23–01	61–23–01
Shop machinery	302	11–21–40	21–21–40	39/40–21–40	41–21–40	61–21–40
		11–22–40	21–22–40	39/40–22–40	41–22–40	61–22–40
		11–23–40	21–22–40	39/40–23–40	41–23–40	61–23–40
Power plant machinery	304	11–13–21	21–13–21	39/40–13–21	41–13–21	61–13–21
		11–13–28	21–13–28	39/40–13–28	41–13–28	61–13–28
Shop and power plant machinery; depreciation	305	.....	.....	.....	.....	62–13–00
		.....	.....	.....	.....	62–21–00
		.....	.....	.....	.....	62–22–00
		.....	.....	.....	.....	62–23–00
Dismantling retired shop and power plant machinery	306	11–13–39	21–13–39	.....	41–13–39	61–13–39
		11–21–39	21–21–39	.....	41–21–39	61–21–39
		11–22–39	21–22–39	.....	41–22–39	61–22–39
		11–23–39	21–23–39	.....	41–23–39	61–23–39
Locomotive repairs	311	11–21–41	21–21–41	39/40–21–41	41–21–41	61–21–41
		11–21–48	21–21–48	39/40–21–48	41–21–48	61–21–48

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE—Continued

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
		11–31–62	21–31–62	.....	41–31–62	61–31–62
Freight-train cars; repairs	314	11–22–42	21–22–42	39/40–22–42	41–22–42	61–22–42
		11–22–48	21–22–48	39/40–22–48	41–22–48	61–22–48
		11–31–62	21–31–62	.....	41–31–62	61–31–62
Passenger-train cars; repairs	317	11–25–45	21–25–45	39/40–25–45	41–25–45	61–25–45
		11–25–48	21–25–48	39/40–25–48	41–25–48	61–25–48
Highway revenue equipment; repairs	318	11–23–43	21–23–43	39/40–23–43	41–23–43	61–23–43
		11–23–48	21–43–48	39/40–23–48	41–23–48	61–23–48
Floating equipment; repairs	323	11–23–44	21–23–44	39/40–23–44	41–23–44	61–23–44
		11–23–48	21–23–48	30/40–23–48	41–23–48	61–23–48
Work equipment; repairs	326	11–23–47	21–23–47	39/40–23–47	41–23–47	61–23–47
		11–23–48	21–23–48	39/40–23–48	41–23–48	61–23–48
Miscellaneous equipment; repairs	328	11–23–47	21–23–47	39/40–23–47	41–23–47	61–23–47
		11–23–48	21–23–48	39/40–23–48	41–23–48	61–23–48
Dismantling retired equipment	329	11–21–39	21–21–39	.....	41–21–39	61–21–39
		11–22–39	21–22–39	.....	41–22–39	61–22–39
		11–23–39	21–23–39	.....	41–23–39	61–23–39
Retirements; equipment	330	.....	.....	.....	.....	61–29–99
		.....	.....	.....	.....	61–22–99
		.....	.....	.....	.....	61–23–99
Equipment; depreciation	331	.....	.....	.....	.....	62–21–00
		.....	.....	.....	.....	62–22–00
		.....	.....	.....	.....	62–23–00
Injuries to persons	332	11–21–99	.....	.....	.....	61–21–99
		11–22–99	.....	.....	.....	61–22–99
		11–23–99	.....	.....	.....	61–23–99
		11–61–99	21–61–92	41–61–92	.....	61–61–92
		.....	.....	.....	.....	52–21–00
		.....	.....	.....	.....	52–22–00
		.....	.....	.....	.....	52–23–00
Insurance	333	.....	.....	.....	.....	53–21–00
		.....	.....	.....	.....	53–22–00
		.....	.....	.....	.....	53–23–00
Stationery and printing	334	.....	[2] 21–21–xx	.....	[2] 41–21–xx	.....
		.....	21–22–xx	.....	41–22–xx	.....
		.....	21–23–xx	.....	41–23–xx	.....
Employees health and welfare benefits	335	12–21–00	.....	.....	.....	.....
		12–22–00	.....	.....	.....	.....
		12–23–00	.....	.....	.....	.....
Joint maintenance of equipment expenses—Dr	336	.....	.....	37–21–00	.....	.....
		.....	.....	37–22–00	.....	.....
		.....	.....	37–23–00	.....	.....
Joint maintenance of equipment expenses—Cr	337	.....	.....	38–21–00	.....	.....
		.....	.....	38–22–00	.....	.....
		.....	.....	38–23–00	.....	.....
Other expenses	339	11–21–99	21–21–99	.....	41–21–99	61–21–99
		11–22–99	21–22–99	.....	41–22–99	61–22–99
		11–23–99	21–23–99	.....	41–23–99	61–23–99
Various	.....	11–23–46	21–23–46	39/40–23–46	41–23–46	61–23–46
Traffic Expense Account						
Superintendence	351	11–61–01	21–61–01	.....	41–61–01	61–61–01
Outside agencies	352	11–61–88	21–61–88	.....	41–61–88	61–61–88
		11–61–89	21–61–89	.....	41–61–89	61–61–89
Advertising	353	11–61–93	21–61–93	.....	41–61–93	61–61–93
Traffic associations	354	11–61–93	21–61–93	.....	41–61–93	61–61–93
Fast freight lines	355	11–61–99	21–61–99	.....	41–61–99	61–61–99
Industrial and immigration bureaus	356	11–61–90	21–61–90	.....	41–61–90	61–61–90
Insurance	357	.....	.....	.....	.....	53–61–00
Stationery and printing	358	.....	[2] 21–61–xx	.....	[2] 41–61–xx	.....
Employees health and welfare benefits	359	12–61–00	.....	.....	.....	.....
Other expenses	360	11–61–99	21–61–99	.....	41–61–99	61–61–99
Transportation Expense Accounts						
Superintendence	371	11–31–01	21–31–01	.....	41–31–01	61–31–01

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE—Continued

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
		11–32–01	21–32–01	.....	41–32–01	61–32–01
		11–34–01	21–34–01	.....	41–34–01	61–34–01
		11–35–01	21–35–01	.....	41–35–01	61–35–01
Dispatching trains	372	11–31–58	21–31–58	.....	41–31–58	61–31–58
Station employees	373	11–33–71	.....	.....	.....	.....
		11–35–76	.....	.....	.....	.....
		11–35–77	.....	.....	.....	.....
Weighing, inspection and demurrage bureaus	374	.....	.....	.....	41–31–99	.....
Coal and ore wharves	375	11–34–74	21–34–74	.....	41–34–74	61–34–74
Station supplies and expenses	376	.....	21–33–71	.....	41–33–71	.....
		.....	21–35–76	.....	41–35–76	61–35–76
		.....	21–35–77	.....	41–35–77	61–35–77
Yardmasters and yard clerks	377	11–32–65	.....	.....	.....	.....
		11–32–66	.....	.....	.....	.....
Yard conductors and brakemen	378	11–32–64	.....	.....	.....	.....
Yard switch and signal tenders	379	11–32–59	.....	.....	.....	.....
Yard enginemen	380	11–32–64	.....	.....	.....	.....
Yard switching fuel	382	11–32–67	21–32–67	.....	41–32–67	61–32–67
Yard switching power produced	383	11–32–68	21–32–68	.....	41–32–68	61–32–68
Yard switching power purchased	384	.....	.....	.....	41–32–68	.....
Servicing yard locomotives	388	11–32–69	21–32–69	.....	41–32–69	61–32–69
Yard supplies and expenses	389	.....	21–32–59	.....	41–32–59	61–32–59
		.....	21–32–64	.....	41–32–64	61–32–64
		.....	21–32–65	.....	41–32–65	61–32–65
		.....	21–32–66	.....	41–32–66	61–32–66
Operating joint yards and terminals—Dr	390	.....	.....	37–32–00	.....	.....
Operating joint yards and terminals—Cr	391	.....	.....	38–32–00	.....	.....
Train enginemen	392	11–31–56	.....	.....	.....	.....
Train fuel	394	11–31–67	21–31–67	.....	41–31–67	61–31–67
Train power produced	395	11–31–68	21–31–68	.....	41–31–68	61–31–68
Train power purchased	396	.....	.....	.....	41–31–68	.....
Servicing train locomotives	400	11–31–69	21–31–69	.....	41–31–69	61–31–69
Trainmen	401	11–31–57	.....	.....	.....	.....
Train supplies and expenses	402	.....	21–31–56	.....	41–31–56	61–31–56
		11–31–62	21–31–62	.....	41–31–62	61–31–62
		11–33–70	21–33–70	.....	41–33–70	.....
		11–33–71	21–33–71	.....	41–33–71	.....
		11–33–72	21–33–72	.....	41–33–72	.....
		11–34–75	21–34–75	.....	41–34–75	61–34–75
		11–31–99	21–31–99	.....	41–31–99	61–31–99
Operating sleeping cars	403	11–41–01	21–41–01	.....	41–41–01	61–41–01
		11–41–57	21–41–57	.....	41–41–57	61–41–57
		11–45–76	21–45–76	.....	41–45–76	61–45–76
		11–41–99	21–41–99	.....	41–41–99	61–41–99
Signal and interlocker operation	404	11–31–59	21–31–59	.....	41–31–59	61–31–59
Crossing protection	405	11–31–61	21–31–61	.....	41–31–61	61–31–61
Drawbridge operations	406	11–31–60	21–31–60	.....	41–31–60	61–31–60
Communication system operation	407	11–35–77	21–35–77	.....	41–35–77	61–35–77
Operating floating equipment	408	11–34–01	21–34–01	.....	41–34–01	61–34–01
		11–34–73	21–34–73	.....	41–34–73	61–34–73
		11–34–74	21–34–74	.....	41–34–74	61–34–74
Employees health and welfare benefits	409	12–31–00	.....	.....	.....	.....
		12–32–00	.....	.....	.....	.....
		12–33–00	.....	.....	.....	.....
		12–34–00	.....	.....	.....	.....
		12–35–00	.....	.....	.....	.....
Stationery and printing	410	.....	[2]21–31–xx	.....	[2]41–31–xx	.....
		21–32–xx	.....	41–32–xx	.....	.....
		21–34–xx	.....	41–34–xx	.....	.....
		21–35–xx	.....	41–35–xx	.....	.....
Other expenses	411	11–31–99	21–31–99	.....	41–31–99	61–31–99
		11–32–99	21–32–99	.....	41–32–99	61–32–99
		11–34–99	21–34–99	.....	41–34–99	61–34–99
		11–35–99	21–35–99	.....	41–35–99	61–35–99
Operating joint tracks and facilities—Dr	412	.....	.....	37–31–00	.....	.....
		.....	37–32–00	.....	.....	.....

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE—Continued

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
		.....	37–34–00	.....	.....	.....
		.....	37–35–00	.....	.....	.....
Operating joint tracks and facilities—Cr	413	.....	.....	38–31–00	.....	.....
		.....	.....	38–32–00	.....	.....
		.....	.....	38–34–00	.....	.....
		.....	.....	38–35–00	.....	.....
Insurance	414	.....	.....	.....	.....	53–31–00
		.....	.....	.....	.....	53–32–00
		.....	.....	.....	.....	53–34–00
		.....	.....	.....	.....	53–35–00
Clearing wrecks	415	11–31–63	21–31–63	.....	41–31–63	61–31–63
		11–32–63	21–32–63	.....	41–32–63	61–32–63
Damage to property	416	.....	.....	.....	.....	52–31–00
		.....	.....	.....	.....	52–32–00
		.....	.....	.....	.....	52–34–00
		.....	.....	.....	.....	52–35–00
Damage to livestock on right-of-way	417	.....	.....	.....	.....	52–31–00
Loss and damage; Freight	418	.....	.....	.....	.....	51–31–00
		.....	.....	.....	.....	51–32–00
		.....	.....	.....	.....	51–33–00
		.....	.....	.....	.....	51–34–00
		11–35–78	21–35–78	.....	41–35–78	61–35–78
Loss and damage; Baggage	419	.....	.....	.....	.....	51–31–00
		.....	.....	.....	.....	51–32–00
		.....	.....	.....	.....	51–33–00
		.....	.....	.....	.....	51–34–00
		11–35–78	21–35–78	.....	41–35–78	61–35–78
Injuries to persons	420	11–31–99	.....	.....	.....	61–61–92
		11–32–99	.....	.....	.....	61–31–99
		11–34–99	.....	.....	.....	61–32–99
		11–35–99	.....	.....	.....	61–34–99
		11–61–92	21–61–92	41–61–92	.....	61–35–99
		.....	.....	.....	.....	52–13–00
		.....	.....	.....	.....	52–32–00
		.....	.....	.....	.....	52–34–00
		.....	.....	.....	.....	52–35–00
		11–35–78	21–35–78	.....	41–35–78	61–35–78
TOFC/COFC terminals	421	11–34–73	21–34–73	.....	41–34–73	61–34–73
		11–34–74	21–34–74	.....	41–34–74	61–34–74
		11–34–75	21–34–75	.....	41–34–75	61–34–75
Other highway transportation	422	11–34–73	21–34–73	.....	41–34–73	61–34–73
		11–34–74	21–34–74	.....	41–34–74	61–34–74
		11–34–75	21–34–75	.....	41–34–75	61–34–75
Miscellaneous Operations Expense						
Dining and buffet service	441	11–41–01	21–41–01	.....	41–41–01	61–41–01
		11–41–57	21–41–57	.....	41–41–57	61–41–57
		11–41–99	21–41–99	.....	41–41–99	61–41–99
Hotels and restaurants	442	11–34–99	21–34–99	.....	41–34–99	61–34–99
Grain elevators	443	11–34–01	21–34–01	.....	41–34–01	61–34–01
		11–34–74	21–34–74	.....	41–34–74	61–34–74
		11–34–75	21–34–75	.....	41–34–75	61–34–75
Producing power sold	445	11–31–68	21–31–68	.....	41–31–68	61–31–68
		11–32–68	21–32–68	.....	41–32–68	61–32–68
Other miscellaneous operations	446	11–34–99	21–34–99	.....	41–34–99	61–34–99
Operating joint miscellaneous facilities—Dr	447	.....	.....	37–34–00	.....	.....
		.....	.....	37–35–00	.....	.....
Operating joint miscellaneous facilities—Cr	448	.....	.....	38–34–00	.....	.....
		.....	.....	38–35–00	.....	.....
Employees Health and Welfare Benefits	449	12–34–00	.....	.....	.....	.....
General Operating Expenses						
Salaries and expenses of general officers	451	11–61–01	21–61–01	.....	41–61–01	61–61–01
		11–61–86	21–61–86	.....	41–61–86	61–61–86

OPERATING EXPENSE ACCOUNTS—CONVERSION TABLE—Continued

[See footnotes at end of table]

System of accounts effective prior to Jan 1, 1978		System of accounts effective Jan. 1, 1978				
Account title	No.	Account No.[1]				
		11–61–87	21–61–87	.....	41–61–87	61–61–87
		11–61–90	21–61–90	.....	41–61–90	61–61–90
		11–61–91	21–61–91	.....	41–61–91	61–61–91
		11–61–94	21–61–94	.....	41–61–94	61–61–94
		11–61–99	21–61–99	.....	41–61–99	61–61–99
Salaries and expenses of clerks and attendants ...	452	11–61–01	21–61–01	.....	41–61–01	61–61–01
		11–61–99	21–61–99	.....	41–61–99	61–61–99
		11–61–86	21–61–86	.....	41–61–86	61–61–86
		11–61–87	21–61–87	.....	41–61–87	61–61–87
		11–61–90	21–61–90	.....	41–61–90	61–61–90
		11–61–91	21–61–91	.....	41–61–91	61–61–91
		11–61–92	21–61–92	.....	41–61–92	61–61–92
		11–61–94	21–61–94	.....	41–61–94	61–61–94
		.....	21–61–99	.....	41–61–99	61–61–99
General office supplies and expenses	453	.....	21–61–01	.....	41–61–01	61–61–01
Law expenses	454	11–61–92	21–61–92	.....	41–61–92	61–61–92
Insurance	455	.....	.....	.....	.....	53–61–00
Employees health and welfare benefits	456	12–61–00	.....	.....	.....	.....
Pensions	457	12–11–00	.....	.....	.....	.....
		12–12–00	.....	.....	.....	.....
		12–13–00	.....	.....	.....	.....
		12–21–00	.....	.....	.....	.....
		12–22–00	.....	.....	.....	.....
		12–23–00	.....	.....	.....	.....
		12–31–00	.....	.....	.....	.....
		12–32–00	.....	.....	.....	.....
		12–34–00	.....	.....	.....	.....
		12–35–00	.....	.....	.....	.....
		12–61–00	.....	.....	.....	.....
Stationery and printing	458	.....	[2]21–61–xx	.....	[2]41–61–xx	.....
Other expenses	460	11–61–99	21–61–99	.....	41–61–99	61–61–99
General joint facilities—Dr	461	.....	.....	37–61–00	.....	.....
General joint facilities—Cr	462	.....	.....	38–61–00	.....	.....
Various expenses	.....	11–61–94	21–61–94	.....	41–61–94	61–61–94

Footnotes:

[1] Freight account activity/subactivity numbers are shown except when old accounts are exclusively passenger expenses Passenger and common activity/subactivity numbers shall be used where appropriate.

[2] Account numbers with the last 2 digits ''xx'' indicates that the account is subdivided by applicable functions See account texts for appropriate function assignment.

TRANSPORTATION OPERATING REVENUE ACCOUNTS CONVERSION TABLE

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Transportation Revenue Accounts			
Transportation; rail line	100	100	Transportation; rail line.
Freight	101	101	Freight.
Passenger	102	102	Passenger.
Baggage	103	103	Passenger-related.
Sleeping car	104	103	Do.
Parlor and chair car	105	103	Do.
Other passenger-train	108	103	Do.
Milk	109	101	Freight.
Switching	110	104	Switching.
Water transfers	113	105	Water transfers.
Incidental	130	110	Incidental.
Dining and buffet	131	103	Passenger-related.
Hotel and restaurant	132	110	Incidental.
Station, train, and boat privileges	133	110	Do.
Storage; freight	135	110	Do.
Demurrage	137	106	Demurrage.
Communication	138	110	Incidental.
Grain elevator	139	110	Do.
Power	141	110	Do.

TRANSPORTATION OPERATING REVENUE ACCOUNTS CONVERSION TABLE—Continued

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Rent of buildings and other property	142	110	Do.
Miscellaneous	143	110	Do.
Joint facility	150	120	Joint facility.
Joint facility—cr	151	121	Joint facility—cr.
Joint facility—dr	152	122	Joint facility—dr.

INCOME ACCOUNTS CONVERSION TABLE

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Income Accounts			
Railway operating revenues	501	501	Railway operating revenues.
Revenues from miscellaneous operations	502	506	Revenues from property used in other than carrier operations.
Hire of freight cars and highway revenue freight equipment; credit balance.	503	.....	32–22–00, 32–23–00, 36–22–00, and 36–23–00.
Rent from locomotives	504	.....	32–21–00, and 36–21–00.
Rent from passenger-train cars	505	.....	32–25–00, and 36–25–00.
Rent from floating equipment	506	.....	32–23–00, and 36–23–00.
Rent from work equipment	507	.....	32–23–00, and 36–23–00.
Joint facility rent income	508	.....	34–11–00, 34–12–00, 34–13–00, 34–21–00, 34–22–00, and 34–23–00
Income from lease of road and equipment	509	.....	32–11–00, 32–12–00, 32–13–00, 32–21–00, 32–22–00, and 32–23–00.
Miscellaneous rent income	510	510	Miscellaneous rent income.
Income from nonoperating property	511	506	Revenues from property used in other than carrier operations.
		534	Expenses of property used in other than carrier operations.
Separately operated properties; profit	512	512	Separately operated properties; profit.
Dividend income	513	513	Dividend income.
Interest income	514	514	Interest income.
Income from sinking and other reserve funds	516	516	Income from sinking and other reserve funds.
Release of premiums on funded debt	517	517	Release of premiums on funded debt.
Contributions from other companies	518	518	Contributions from other companies.
Miscellaneous income	519	519	Miscellaneous income.
Railway operating expenses	531	531	Railway operating expenses.
Railway tax accruals	532	556	Income taxes on ordinary income.
Provision for deferred taxes	533	557	Provision for deferred taxes.
Expenses of miscellaneous operations	534	534	Expenses of property used in other than carrier operations.
Taxes on miscellaneous operating property	535	535	Taxes on property used in other than carrier operations.
Hire of freight cars and highway revenue freight equipment—debit balance.	536	.....	31–22–00, 35–22–00, 31–23–00, and 35–23–00.
Rent for locomotives	537	.....	31–21–00, and 35–21–00.
Rent for passenger-train cars	538	.....	31–25–00, and 35–25–00.
Rent for floating equipment	539	.....	31–23–00, and 35–23–00.
Rent for work equipment	540	.....	31–23–00, and 35–23–00.
Joint facility rents	541	.....	33–11–00, 33–12–00, 33–13–00, 33–21–00, 33–22–00, and 33–23–00.
Rent for leased roads	542	.....	31–11–00, 31–12–00, 31–13–00, 31–21–00, 31–22–00, and 31–23–00.
Miscellaneous rents	543	543	Miscellaneous rents.
Miscellaneous tax accruals	544	544	Miscellaneous taxes.
Taxes on property used in other than carrier operations	535		
Separately operated properties; loss	545	545	Separately operated properties; loss.
Interest on funded debt	546	546	Interest on funded debt.
Interest on unfunded debt	547	547	Interest on unfunded debt.
Amortization of discount on funded debt	548	548	Amortization of discount on funded debt.
Maintenance of investment organization	549	549	Maintenance of investment organization.
Income transferred to other companies	550	550	Income transferred to other companies.
Miscellaneous income charges	551	551	Miscellaneous income charges.
		553	Uncollectible accounts.

INCOME ACCOUNTS CONVERSION TABLE—Continued

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Unusual or infrequent items (debit) credit	555	555	Unusual or infrequent items (debit) credit.
Income or loss from operations of discontinued segments	560	560	Income or loss from operations of discontinued segments.
Gain or loss on disposal of discontinued segments	562	562	Gain or loss on disposal of discontinued segments.
Extraordinary items (net)	570	570	Extraordinary items (net).
Income taxes on extraordinary items	590	590	Income taxes on extraordinary items.
Provision for deferred taxes—extraordinary items	591	591	Provision for deferred taxes—extraordinary items.
Cumulative effect of changes in accounting principles	592	592	Cumulative effect of changes in accounting principles.

RETAINED INCOME ACCOUNTS CONVERSION TABLE

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Credit			
Credit balance (at beginning of calendar year)	601	601	Credit balance (at beginning of calendar year).
Prior period adjustments to beginning retained income account.	601.5	601.5	Prior period adjustments to beginning retained earnings account.
Credit balance transferred from income	602	602	Credit balance transferred from income.
Other credits to retained income	606	606	Other credits to retained earnings.
Debit			
Debit balance (at beginning of calendar year)	611	611	Debit balance (at beginning of calendar year).
Debit balance transferred from income	612	612	Debit balance transferred from income.
Other debits to retained income	616	616	Other debits to retained earnings.
Appropriations for sinking and other reserve funds	620	620	Appropriations for sinking and other funds.
Appropriations for other purposes	621	621	Appropriations for other purposes.
Appropriations released	622	603	Appropriations released.
Dividends	623	623	Dividends.

GENERAL BALANCE SHEET ACCOUNTS CONVERSION TABLE

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Cash	701	701	Cash.
Temporary cash investments	702	702	Temporary cash investments.
Special deposits	703	703	Special deposits.
Loans and notes receivable	704	704	Loans and notes receivable.
		708.5	Receivables from affiliated companies.
		709.5	Allowance for uncollectible accounts.
Traffic, car service and other balances—dr	705	705	Accounts receivable; interline and other balances.
		709.5	Allowances for uncollectible accounts.
		752	Accounts payable; interline and other balances.
Net balance receivable from agents and conductors	706	706	Accounts receivable; customers.
Miscellaneous accounts receivable	707	707	Accounts receivable; other.
		708.5	Receivables from affiliated companies.
		709.5	Allowance for uncollectible accounts.
Interest and dividends receivable	708	708	Interest and dividends receivable.
		708.5	Receivables from affiliated companies.
		709.5	Allowance for uncollectible accounts.
Accrued accounts receivable	709	709	Accrued accounts receivable.
Working fund advances	710	710	Working funds.
Prepayments	711	711	Prepayments.
Material and supplies	712	712	Material and supplies.
Other current assets	713	713	Other current assets.
Deferred income tax charges	714	714	Deferred income tax debits.
Sinking funds	715	715	Sinking funds.
Capital and other reserve funds	716	716	Capital funds.
Insurance and other funds	717	717	Other funds.

GENERAL BALANCE SHEET ACCOUNTS CONVERSION TABLE—Continued

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Investment in affiliated companies	721	721	Investments and advances; affiliated companies.
Other investments	722	722	Other investments and advances.
Reserve for adjustment of investment in securities—cr	723	721.5	Adjustments; investments and advances—affiliated companies.
		723	Adjustments; other investments and advances.
Road and equipment property	731	731	Road and equipment property.
Organization expenses	71	739	Organization expenses.
Improvements on leased property	732	732	Improvements on leased property.
Accrued depreciation; improvements on leased property	733	733	Accumulated depreciation; improvements on leased property.
Accrued depreciation; road and equipment	735	735	Accumulated depreciation; road and equipment property.
Amortization of defense projects; road and equipment	736	736	Accumulated amortization; road and equipment property—defense projects.
		734	Accumulated amortization; improvements on leased property—defense projects.
Miscellaneous physical property	737	737	Property used in other than carrier operations.
Accrued depreciation; miscellaneous physical property	738	738	Accumulated depreciation; property used in other than carrier operations.
Other assets	741	741	Other assets.
Unamortized discount on long-term debt	770.1	770.1	Unamortized debt discount.
Other deferred charges	743	743	Other deferred debits.
Accumulated deferred income tax charges	744	744	Accumulated deferred income tax debits.
Liabilities			
Loans and notes payable	751	751	Loans and notes payable.
		757	Payables to affiliated companies.
Traffic, car service and other balances—cr	752	752	Accounts payable; interline and other balances.
		705	Accounts receivable; interline and other balances.
		709.5	Allowance for uncollectible accounts.
Audited accounts and wages payable	753	753	Audited accounts and wages payable.
Miscellaneous accounts payable	754	754	Accounts payable; other.
		757	Payables to affiliated companies.
Interest matured unpaid	755	755	Interest payable.
		757	Payables to affiliated companies.
Dividends matured unpaid	756	756	Dividends payable.
		757	Payables to affiliated companies.
Unmatured interest accrued	757	755	Interest payable.
		757	Payables to affiliated companies.
Unmatured dividends declared	758	756	Dividends payable.
		757	Payables to affiliated companies.
Accrued accounts payable	759	759	Accrued accounts payable.
Federal income taxes accrued	760	760	Federal income taxes accrued.
Other taxes accrued	761	711	Prepayments.
		761	State and other income taxes accrued.
		761.5	Other taxes accrued.
Deferred income tax credits	762	762	Deferred inome tax credits.
Other current liabilities	763	763	Other currrent liabilities.
Equipment obligations and other debt due within one year	764	764	Equipment obligations and other long-term debt due within 1 year.
Funded debt unmatured	765	765	Funded debt unmatured.
Equipment obligations	766	766	Equipment obligations.
Receivers' and trustees' securities	767	767	Receivers' and trustees' securities.
Debt in default	768	768	Debt in default.
Amounts payable to affiliated companies	769	769	Accounts payable; affiliated companies.
Pension and welfare reserves	771	771	Accrued liability; pension and welfare.
Casualty and other reserves	774	774	Accrued liability; casualty and other claims.
		775	Other accrued liabilities.
Interest in default	781	781	Interest in default.
Other liabilities	782	782	Other liabilities.
Unamortized premium on long-term debt	790.2	770.2	Unamortized premium on debt.
Other deferred credits	784	784	Other deferred credits.
Accrued liability; leased property	785	772	Accrued liability; leased property.
Accumulated deferred income tax credits	786	786	Accumulated deferred income tax credits.

GENERAL BALANCE SHEET ACCOUNTS CONVERSION TABLE—Continued

System of accounts eff. prior to Jan. 1, 1978		System of accounts eff. Jan. 1, 1978	
Account title	No.	No.	Account title
Shareholders' Equity			
Capital stock issued	791	791	Capital stock.
Stock liability for conversion	792	792	Liability for conversion of capital stock.
Discount on capital stock	793	793	Discount on capital stock.
Premiums and assessment on capital stock	794	794	Premiums and assessments on capital stock.
Paid-in surplus	795	795	Other capital.
Other capital surplus	796	795	Do.
Retained income; appropriated	797	797	Retained earnings; appropriated.
Retained income; unappropriated	798	798	Retained earnings; unappropriated.
Treasury stock	798.5	798.5	Treasury stock.

Subpart B—Branch Line Accounting System

900 Definitions.

Unless otherwise required by context, the following definitions apply in this subpart:

Account means an account in the ICC's Uniform System of Accounts (USOA), for Railroad companies (49 CFR Part 1201, Subpart A).

IC Act means the Interstate Commerce Act (49 U.S.C. 1 *et seq.*), as amended.

Branch Line or *Branch* means a rail line or segment of line which (a) has been designated on a transportation system diagram in categories (1), (2), (3), or (4) (49 CFR 1152.10(b) (1), (2), (3), (4)); or (b) is the subject of a directed service order under section 304(d)(3) of the 3R Act; or (c) is the subject of a rail continuation service agreement entered into prior to the designation of the line on a system diagram.

STB or *Board* means the Surface Transportation Board.

Designated State agency means the instrumentality created by a State or designated by appropriate authority to administer or coordinate its State rail plan as required by section 5(j)(2) of the Department of Transportation Act (90 Stat. 131) or section 402(c)(1)(A) of the 3R Act (87 Stat. 985) or regulations promulgated pursuant thereto.

RSPO means the Rail Services Planning Office of the Surface Transportation Board.

Railroad means a common carrier by railroad, as defined in section 1(3) of the Interstate Commerce Act (49 U.S.C. 1(3)).

3R Act means the Regional Rail Reorganization Act of 1973, Pub. L. 93–236, 87 Stat. 985, as amended.

4R Act means the Railroad Revitalization and Regulatory Reform Act of 1976, Pub. L. 94–210, 90 Stat. 31.

XX, when used in place of digits in a six-digit account number, means that all accounts containing the remaining four-digits are included. Example: *11–21–XX* refers to all salary and wage accounts for locomotives because *11* designates salaries and wages and *21* designates locomotives. Thus, *11–21–XX* includes all of the following accounts: 11–21–01; 11–21–40; 11–21–48; 11–21–39; and 11–21–99. Similarly, *XX–31–67* means all accounts containing *31* (train operations) and *67* (locomotive fuel).

[43 FR 1733, Jan. 11, 1978, as amended at 47 FR 49596, Nov. 1, 1982]

910 Purpose and scope.

(a) Section 205(e)(1)(A) of the 3R Act directs the office to issue regulations which will permit the collection and publication by the Consolidated Rail Corp. (ConRail), or by profitable railroads of information necessary to determine accurately the revenues attributable, avoidable costs, and service units of light-density lines scheduled for abandonment. This accurate information is intended to facilitate the determination of the revenues and avoidable costs in abandonment proceedings and in potential offers of subsidy. This information is intended to be compatible with the Regional Subsidy Standards (49 CFR Part 1155), for those lines which were not conveyed to ConRail under the final system plan and with the National Subsidy Standards (49

CFR Part 1152, Subpart D), for all other lines. The purpose of the Branch Line Accounting System regulations is to specify an accounting system for the collection and publication of this information.

(b) For further information regarding the Branch Line Accounting System, persons may contact the RSPO's Cost Evaluation Branch: Cost Evaluation Branch, Rail Services Planning Office, 1900 L Street NW., Washington, DC 20036, 202–254–7552.

[43 FR 1733, Jan. 11, 1978, as amended at 47 FR 49596, Nov. 1, 1982]

920 Collection of data.

(a) *Lines for which data collection is required.* The railroad shall collect data on all branch lines which meet the criteria listed in paragraphs 1 through 4 below. The data to be collected are specified in section 920(b).

(1) Branch lines in categories (1), (2), and (3) on the System Diagram Map include, respectively, lines for which a carrier intends to file an abandonment application within three years, lines which the carrier has under study and are potentially subject to abandonment, and lines for which an abandonment application is pending before the Board. The collection of data on such lines shall commence on the first day of the month after the line has been designated in one of the categories and will continue so long as the branch line is retained in one of these categories. The assignment and apportionment methodology set forth in Part 1152, Subchapter B (National Subsidy Standards), shall be applied.

(2) For branch lines operated under an order directing service, under section 304(d)(3) of the 3R Act, data shall be collected from the effective date of the order until the order is withdrawn. The assignment and apportionment methodology set forth in Part 1155, Subchapter B (Regional Subsidy Standards), shall be applied.

(3) For branch lines operated under a rail service continuation agreement under section 1a(6)(a) of the IC Act, data shall be collected from the effective date of the agreement until the termination of the agreement. The assignment and apportionment methodology set forth in Part 1152, Subchapter B (National Subsidy Standards), shall be applied.

(4) For branch lines operated under a rail service continuation agreement under section 304 of the 3R Act, data collection shall commence on the effective date of the agreement and shall continue until the termination date of the agreement. The assignment and apportionment methodology set forth in Part 1155, Subchapter B (Regional Subsidy Standards), shall be applied.

(b) *Data to be collected.* The data collected shall include the items of revenue, expense, and service units which are specified in Parts 1152 and 1155, Subchapter B (National and Regional Subsidy Standards), as described in the account texts listed in section 950. The format for presentation of these data is specified in section 940.

[43 FR 1733, Jan. 11, 1978, as amended at 47 FR 49596, Nov. 1, 1982]

930 Publication of data.

(a) *General.* The railroad shall file on or before June 30 of each calendar year the certification included in these regulations as Appendix I. The railroad shall include a description of each branch line using the format set forth in Appendix I of these regulations. The description of each branch line requires the same data as that submitted under 49 CFR 1152.11. This section prescribes the branch line information required in conjunction with the system diagram maps specifying the line's designation, states and counties traversed, delineation of mileposts, and location of agency and terminal stations.

(b) [Reserved]

(c) *Access to records.* The records, accounts, working papers, and other documents reflecting the revenues, cost, and service unit data of each branch line for which the railroad must maintain data shall be made available for inspection and examination by the Board and, for lines situated within its State, by the designated State agency at a time and place mutually agreeable to the parties. The railroad shall also reproduce such records for the designated State agency, provided the agency pays the reasonable cost thereof.

(d) *Waivers and modifications.* The Office may, with respect to individual requests, upon good cause shown, waive or modify any requirement of this section not required by law.

[43 FR 1733, Jan. 11, 1978, as amended at 44 FR 9730, Feb. 14, 1979; 47 FR 49596, Nov. 1, 1982]

940 Annual branch line report.

This section specifies the format in which the data collected for each branch line shall be maintained. Definitions of each account are presented in section 950.

(A) Attributable revenue	Amount
101 Freight	
104 Switching	
105 Water transfers	
106 Demurrage	
110 Incidental	
121 Joint facility—credit	
122 Joint facility—debit	
506 Revenue from property used in other than carrier operations	
510 Miscellaneous rent income	
519 Miscellaneous income	
599 Subsidy payments from preexisting contracts	
Total attributable revenues	

(B) ON-BRANCH AVOIDABLE COSTS

Line item—(a)	Freight			
	Salaries and wages—(b)	Material, tools, supplies, fuels, and lubricants—(c)	Purchased services—(d)	General—(e)
(1) Actual or apportioned expense accounts:				
Way and structures: Administration:				
001 Track				
002 Bridge and Building				
003 Signal				
004 Communication				
005 Other				
Repair and maintenance:				
006 Roadway—Running				
007 Roadway—Switching				
008 Tunnels and Subways—Running				
009 Tunnels and Subways—Switching				
010 Bridges and Culverts—Running				
011 Bridges and Culverts—Switching				
012 Ties—Running	N/A		N/A	N/A
013 Ties—Switching	N/A		N/A	N/A
014 Rail—Running	N/A		N/A	N/A
015 Rail—Switching	N/A		N/A	N/A
016 Other Track Material—Running	N/A		N/A	N/A
017 Other Track Material—Switching	N/A		N/A	N/A
018 Ballast—Running	N/A		N/A	N/A
019 Ballast—Switching	N/A		N/A	N/A
020 Track Laying and Surfacing—Running				
021 Track Laying and Surfacing—Switching				
022 Road Property Damaged—Running				
023 Road Property Damaged—Switching				
024 Road Property Damaged—Other				
025 Signals and Interlockers—Running				
026 Signals and Interlockers—Switching				
027 Communications Systems				
028 Electric Power Systems				
029 Highway Grade Crossings—Running				
030 Highway Grade Crossings—Switching				
031 Station and Office Buildings				
032 Shop Buildings—Locomotives				
033 Shop Buildings—Freight Cars				
034 Shop Buildings—Other Equipment				
101 Locomotive Servicing Facilities				
102 Miscellaneous Buildings and Structures				
103 Coal Terminals				
104 Ore Terminals				
105 Other Marine Terminals				
106 TOFC/COFC—Terminals				
107 Motor Vehicle Loading and Distribution Facilities				
108 Facilities for Other Specialized Service Operations				
109 Roadway Machines				
110 Small Tools and Supplies				

(B) ON-BRANCH AVOIDABLE COSTS—Continued

Line item—(a)	Freight			
	Salaries and wages—(b)	Material, tools, supplies, fuels, and lubricants—(c)	Purchased services—(d)	General—(e)
111 Snow Removal				
112 Fringe Benefits—Running	N/A	N/A	N/A	
113 Fringe Benefits—Switching	N/A	N/A	N/A	
114 Fringe Benefits—Other	N/A	N/A	N/A	
115 Casualties and Insurance—Running	N/A	N/A	N/A	
116 Casualties and Insurance—Switching	N/A	N/A	N/A	
117 Casualties and Insurance—Other	N/A	N/A	N/A	
118 Lease Rentals—Debit—Running	N/A	N/A		N/A
119 Lease Rentals—Debit—Switching	N/A	N/A		N/A
120 Lease Rentals—Debit—Other	N/A	N/A		N/A
121 Lease Rentals—(Credit)—Running	N/A	N/A		N/A
122 Lease Rentals—(Credit)—Switching	N/A	N/A		N/A
123 Lease Rentals—(Credit)—Other	N/A	N/A		N/A
124 Joint Facility Rent—Debit—Running	N/A	N/A		N/A
125 Joint Facility Rent—Debit—Switching	N/A	N/A		N/A
126 Joint Facility Rent—Debit—Other	N/A	N/A		N/A
127 Joint Facility Rent—(Credit)—Running	N/A	N/A		N/A
128 Joint Facility Rent—(Credit)—Switching	N/A	N/A		N/A
129 Joint Facility Rent—(Credit)—Other	N/A	N/A		N/A
130 Other Rents—Debit—Running	N/A	N/A		N/A
131 Other Rents—Debit—Switching	N/A	N/A		N/A
132 Other Rents—Debit—Other	N/A	N/A		N/A
133 Other Rents—(Credit)—Running	N/A	N/A		N/A
134 Other Rents—(Credit)—Switching	N/A	N/A		N/A
135 Other Rents—(Credit)—Other	N/A	N/A		N/A
136 Depreciation—Running	N/A	N/A	N/A	
137 Depreciation—Switching	N/A	N/A	N/A	
138 Depreciation—Other	N/A	N/A	N/A	
139 Joint Facility—Debit—Running	N/A	N/A		N/A
140 Joint Facility—Debit—Switching	N/A	N/A		N/A
141 Joint Facility—Debit—Other	N/A	N/A		N/A
142 Joint Facility—(Credit)—Running	N/A	N/A		N/A
143 Joint Facility—(Credit)—Switching	N/A	N/A		N/A
144 Joint Facility—(Credit)—Other	N/A	N/A		N/A
145 Dismantling Retired Road Property—Running				
146 Dismantling Retired Road Property—Switching				
147 Dismantiling Retired Road Property—Other				
148 Other—Running				
149 Other—Swtiching				
150 Other—Other				
151 Total Way and Structures				
Equipment: Locomotives:				
201 Administration				
202 Repair and Maintenance				
203 Machinery Repair				
204 Equipment Damaged				
205 Fringe Benefits	N/A	N/A	N/A	
206 Other Casualties and Insurance	N/A	N/A	N/A	
207 Lease Rentals—Debit	N/A	N/A		N/A
208 Lease Rentals—(Credit)	N/A	N/A		N/A
209 Joint Facility Rent—Debit	N/A	N/A		N/A
210 Joint Facility Rent—(Credit)	N/A	N/A		N/A
211 Other Rents—Debit	N/A	N/A		N/A
212 Other Rents—(Credit)	N/A	N/A		N/A
213 Depreciation	N/A	N/A	N/A	
214 Joint Facility—Debit	N/A	N/A		N/A
215 Joint Facility—(Credit)	N/A	N/A		N/A
216 Repairs Billed to Others—(Credit)	N/A	N/A		N/A
217 Dismantling Retired Property				
218 Other				
219 Total Locomotives				
Freight cars:				
220 Administration				
221 Repair and Maintenance				
222 Machinery Repair				
223 Equipment Damaged				
224 Fringe Benefits	N/A	N/A	N/A	

(B) ON-BRANCH AVOIDABLE COSTS—Continued

Line item—(a)	Freight			
	Salaries and wages—(b)	Material, tools, supplies, fuels, and lubricants—(c)	Purchased services—(d)	General—(e)
225 Other Casualties and Insurance	N/A	N/A	N/A	
226 Lease Rentals—Debit	N/A	N/A		N/A
227 Lease Rentals—(Credit)	N/A	N/A		N/A
228 Joint Facility Rent—Debit	N/A	N/A		N/A
229 Joint Facility Rent—(Credit)	N/A	N/A		N/A
230 Other Rents—Debit	N/A	N/A		N/A
231 Other Rents—(Credit)	N/A	N/A		N/A
232 Depreciation	N/A	N/A	N/A	
233 Joint Facility—Debit	N/A	N/A		N/A
234 Joint Facility—(Credit)	N/A	N/A		N/A
235 Repairs Billed to Others—(Credit)	N/A	N/A		N/A
236 Dismantling Retired Property				
237 Other				
238 Total Freight Cars				
Other Equipment:				
301 Administration				
Repair and Maintenance:				
302 Trucks, Trailers, and Containers—Revenue Service				
303 Floating Equipment—Revenue Service				
304 Floating and Other Revenue Equipment				
305 Computers and Data Processing Systems				
306 Machinery				
307 Work and Other Non-Revenue Equipment				
308 Equipment Damaged				
309 Fringe Benefits	N/A	N/A	N/A	
310 Other Casualties and Insurance	N/A	N/A	N/A	
311 Lease Rentals—Debit	N/A	N/A		N/A
312 Lease Rentals—(Credit)	N/A	N/A		N/A
313 Joint Facility Rent—Debit	N/A	N/A		N/A
314 Joint Facility Rent—(Credit)	N/A	N/A		N/A
315 Other Rents—Debit	N/A	N/A		N/A
316 Other Rents—(Credit)	N/A	N/A		N/A
317 Depreciation	N/A	N/A	N/A	
318 Joint Facility—Debit	N/A	N/A		N/A
319 Joint Facility—(Credit)	N/A	N/A		N/A
320 Repairs Billed to Others—(Credit)				
321 Dismantling Retired Property				
322 Other				
323 Total Other Equipment				
324 Total Equipment				
Transportation: Train operations:				
401 Administration				
402 Engine Crews				
403 Train Crews				
404 Dispatching Trains				
405 Operating Signals and Interlockers				
406 Operating Drawbridges				
407 Highway Crossing Protection				
408 Train Inspection and Lubrication				
409 Locomotive Fuel				
410 Electric Power Purchased or Produced for Motive Power				
411 Servicing Locomotives				
412 Freight Lost or Damaged—Solely Related	N/A	N/A	N/A	
413 Clearing Wrecks				
414 Fringe Benefits	N/A	N/A	N/A	
415 Other Casualties and Insurance	N/A	N/A	N/A	
416 Joint Facility—Debit	N/A	N/A		N/A
417 Joint Facility—(Credit)	N/A	N/A		NA
418 Other				
419 Total Train Operations				
Yard Operations:				
420 Administration				
421 Switch Crews				
422 Controlling Operations				
423 Yard and Terminal Clerical				
424 Operating Switches, Signals Retarders and Humps				
425 Locomotive Fuel				

(B) ON-BRANCH AVOIDABLE COSTS—Continued

Line item—(a)	Freight			
	Salaries and wages—(b)	Material, tools, supplies, fuels, and lubricants—(c)	Purchased services—(d)	General—(e)
426 Electric Power Purchased or Produced for Motive Power				
427 Servicing Locomotives				
428 Freight Lost or Damaged—Solely Related	N/A	N/A	N/A	
429 Clearing Wrecks				
430 Fringe Benefits	N/A	N/A	N/A	
431 Other Casualties and Insurance	N/A	N/A	N/A	
432 Joint Facility—Debit	N/A	N/A		N/A
433 Joint Facility—(Credit)	N/A	N/A		N/A
434 Other				
435 Total Yard Operations				
Train and Yard Operations Common:				
501 Cleaning Car Interiors				N/A
502 Adjusting and Transferring Loads				N/A
503 Car Loading Devices and Grain Doors				N/A
504 Freight Lost or Damaged—all other	N/A	N/A	N/A	
505 Fringe Benefits	N/A	N/A	N/A	
506 Total Train and Yard Operations Common				
Specialized Service Operations:				
507 Administration				
508 Pickup and Delivery and Marine Line Haul				
509 Loading and Unloading and Local Marine				
510 Protection Services				
511 Freight Lost or Damaged—Solely Related	N/A	N/A	N/A	
512 Fringe Benefits	N/A	N/A	N/A	
513 Casualties and Insurance	N/A	N/A	N/A	
514 Joint Facility—Debit	N/A	N/A		N/A
515 Joint Facility—(Credit)	N/A	N/A		N/A
516 Other				
517 Total Specialized Services Operations				
Administrative Support Operations:				
518 Administration				
519 Employees Performing Clerical and Accounting Functions				
520 Communication Systems Operation				
521 Loss and Damage Claims Processing				
522 Fringe Benefits	N/A	N/A	N/A	
523 Casualties and Insurance	N/A	N/A	N/A	
524 Joint Facility—Debit	N/A	N/A		N/A
525 Joint Facility—(Credit)	N/A	N/A		N/A
526 Other				
527 Total Administrative Support Operations				
528 Total transportation				
General and Administrative:				
601 Officers—General Administration				
602 Accounting, Auditing and Finance				
603 Management Services and Data Processing				
604 Marketing				
605 Sales				
606 Industrial Development				
607 Personnel and Labor Relations				
608 Legal and Secretarial				
609 Public Relations and Advertising				
610 Research and Development				
611 Fringe Benefits	N/A	N/A	N/A	
612 Casualties and Insurance	N/A	N/A	N/A	
613 Writedown of Uncollectible Accounts	N/A	N/A	N/A	
614 Property Taxes	N/A	N/A	N/A	
615 Other Taxes Except on Corporate Income or Payrolls	N/A	N/A	N/A	
616 Joint Facility—Debit	N/A	N/A		N/A
617 Joint Facility—(Credit)	N/A	N/A		N/A
618 Other				
619 Total General and Administrative				
620 Total Carrier Operating Expenses				

	Amount
(2) Other Computed Cost Elements:	
651 Locomotives return on investment	

	Amount
652 Freight train car costs	
01 Per day costs	
02 Mileage costs	
654 Rehabilitation	
664 Deadheading, taxi and hotel costs	
01 Deadheading	
02 Taxi	
03 Hotel	
665 Overhead movement costs	
01 Transportation	
02 Equipment	
03 Freight train cars—mileage portion	
Total Computed On-Branch Costs	
(3) Off-Branch Avoidable Costs:	
661 Terminal Costs	
01 Modified terminal costs	
02 Normal terminal costs	
03 Interchange costs	
662 Freight train car costs	
663 Freight train revenue ton-mile costs	
Total Off-Branch Avoidable Costs	
(4) All Other Avoidable Costs:	
671 Working capital	
672 Required capital expenditures	
673 Deferred maintenance	
674 Current cost of freight train cars, locomotives, and other equipment	
675 Foregone tax benefits	
676 Administrative costs	
677 Deferred subsidy payment costs	
678 Casualty reserve expenses	
Total, all other avoidable costs	
681 Reasonable return on the value of property	
682 Management fee	
(5) Total of avoidable costs, reasonable return and management fee	$

(C) *Service Units*

	Direct on-branch	Overhead movement
(1) On-Branch Service Units—Freight-Car Accounts:		
821 Freight train car miles (loaded and empty):		
01 Box—Plain 40 foot		
02 Box—Plain 50 foot or longer		
03 Box—Equipped		
04 Gondola—Plain		
05 Gondola—Equipped		
06 Hopper—Covered		
07 Hopper—Open top—General Service		
08 Hopper—Open top—Special Service		
09 Refrigerator—Mechanical		
10 Refrigerator—Nonmechanical		
11 Flat—TOFC/COFC		
12 Flat—Multi-level		
13 Flat—General Service		
14 Flat—Other		
15 All other cars		
823 Freight-train Car-days (loaded and empty):		
01 Box—Plain 40 foot		
02 Box—Plain 50 foot or longer		
03 Box—Equipped		
04 Gondola—Plain		
05 Gondola—Equipped		
06 Hopper—Covered		
07 Hopper—Open top—General Service		
08 Hopper—Open top—Special Service		
09 Refrigerator—Mechanical		
10 Refrigerator—Nonmechanical		
11 Flat—TOFC/COFC		
12 Flat—Multi-level		
13 Flat—General Service		
14 Flat—Other		

(C) *Service Units*—Continued

	Direct on-branch	Overhead movement
15 All other cars		

	Total off-branch	Overhead movement	Net off-branch
Locomotive-Mile Accounts			
813 Road locomotive unit miles			
841 Road diesel locomotive gross ton-miles			
842 Road electric locomotive gross ton-miles			
Locomotive Unit Hour Accounts			
832 Road locomotive unit hours			
833 Road diesel locomotive unit hours			
834 Road electric locomotive unit hours			
835 Yard locomotive unit hours			
836 Yard diesel locomotive unit hours			
837 Yard electric locomotive unit hours			
Rented or Leased Equipment			
851 Freight train car-days			
852 Floating equipment car-days			
855 Locomotive days			
Train hours			
861 Train hours			

	Total off-branch	Overhead movement	Net off-branch
(2) Off-Branch Service Units—Car-Mile Accounts:			
822 Freight train loaded car-miles by car type:			
01 Box—General service—unequipped			
02 Box—General service—equipped			
03 Box—Special service			
04 Gondola—General service			
05 Gondola—Special service			
06 Hopper—open—General service			
07 Hopper—open—Special service			
08 Hopper—covered			
09 Stock			
10 Flat—General service			
11 Flat—Special service			
12 Flat—TOFC			
13 Autorack			
14 Refrigerator—Meat mechanical			
15 Refrigerator—Other mechanical			
16 Refrigerator—Meat nonmechanical			
17 Refrigerator—Other nonmechanical			
18 Tank 9,999 gallons and under			
19 Tank 10,000—18,999 gal			
20 Tank 19,000—21,999 gal			
21 Tank 22,000—27,999 gal			
22 Tank 28,000—31,999 gal			
23 Tank 32,000 and over			
24 All other			
Ton-Mile Accounts			
831 Revenue ton-miles			

[43 FR 1733, Jan. 11, 1978, as amended at 43 FR 28498, June 30, 1978; 44 FR 9730, Feb. 14, 1979]

950 Text and chart of accounts.

This section defines each account outlined in the format shown under section 940 of these regulations.

(a) *Attributable revenues—101 Freight.* (1) This account shall include revenue from the transportation of freight and from transit, stop, and recognizing privileges, upon the basis of lawful tariff rates.

(2) This account shall include collections in excess of tariff charges, except where such amounts are segregated and held subject to refund.

(3) Proceeds derived from the sale of unclaimed and refused freight which

has been transported in accordance with the contract of shipment shall be credited to this account in cases where such items can be readily identified. Uncollectible tariff charges on such shipments shall be charged to this account.

(4) Amounts determined to be uncollectible shall be accounted for in accordance with the text of account 63–61–00, ''General—Uncollectible accounts.''

ITEMS TO BE CREDITED

(a) Revenue upon the basis of local freight tariff rates, regardless of class of train in which the freight is transported.

(b) The carrier's proportion of revenue upon the basis of through freight tariff rates, regardless of class of train in which the freight is transported.

(c) Revenue from transportation of mail matter, and empty mail pouches, at freight rates.

(d) Revenue from transportation of freight on special trains at rates based on weights of shipments.

(e) Revenue on basis of classifications and freight tariffs from transportation of caretakers of freight shipments.

(f) Revenue from reconsigning privileges.

(g) Revenue from stop privileges.

(h) Revenue from transit privileges.

(i) Revenue upon the basis of arbitraries out of freight, rates for water transfers (ferriage, lighterage, and floatage).

(j) Revenue from transportation of trailers and containers on flat cars in TOFC/COFC service upon the basis of all-rail line-haul freight tariff rates and under arrangements for motor carrier-railroad joint haul, and from the loading and unloading of trailers and containers on and from flat cars upon the basis of tariff rates and under arrangements for motor carrier-railroad joint haul.

ITEMS TO BE CHARGED

(a) Amounts paid as bridge and ferry arbitraries on freight.

(b) Amounts paid for completing a haul.

(c) Amounts paid for elevation of freight.

(d) Amounts paid for switching services, in connection with the transportation of freight, on the basis of switching tariffs, and allowances out of through rates, including amounts paid for switching empty cars in connection with a freight revenue movement.

(e) Amounts paid for transferring freight between stations.

(f) Arbitraries and allowances to others for lighterage and wharfage.

(g) The carrier's proportion of overcharges resulting from the use of erroneous rates, weights, classifications or computations.

(h) The carrier's proportion of refunds on account of errors in routing and billing.

(i) The carrier's proportion of uncollected revenue on freight lost or destroyed in transit.

(j) The carrier's proportion of uncollected tariff charges on damaged shipments for which charges neither shipper nor consignee is liable.

(k) Amounts paid on basis of tariff rates for loading and unloading livestock.

(l) Amounts paid to motor truck companies for hauling trailers and containers to and from TOFC/COFC terminals, and allowances to shippers who perform such service on the basis of tariff rates.

NOTE A: Amounts paid for switching empty cars other than in connection with loaded movements shall be charged to operating expense account 61–32–XX, ''General—Other Expenses—Transportation, Yard, Freight,'' except that amounts paid for switching equipment for repairs shall be included in the appropriate equipment repair accounts.

NOTE B: Other carriers' proportion of revenue and of uncollectible undercharges paid by the carrier on account of its errors in routing and billing shall be charged to operating expense account 61–35–76, ''General—Other Expenses—Transportation, Administrative Support.''

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

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

NOTE E: This account shall be maintained so as to show separately payments and allowances for (a) terminal collection and delivery services when performed in connection with line-haul transportation of freight on the basis of freight tariff rates, further separated between (1) TOFC/COFC service, and (2) all other freight service; also (b) payments for switching services when performed in connection with line-haul transportation of freight on the basis of switching tariffs and allowances out of freight rates, including the switching of empty cars in connection with a revenue movement, and (c) payments on basis of tariff rates for loading and unloading livestock.

104 Switching. (1) This account shall include the revenue from switching service upon the basis of lawful tariff

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

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

NOTE: ''Penalty switching'' charges paid by the carrier shall be included in expense account 61–32–XX, ''General—Other Expenses—Transportation, Yard, Freight.''

105 Water transfers. (1) This account shall include the revenue, from the transfer by water (ferriage, lighterage, and floatage), of passenger, freight, vehicles, and livestock, upon the basis of lawful local tariff rates.

(2) This account also shall include revenue from water transfers of other traffic, such as the revenue from towing beyond lighterage limits and all other towing for which an extra charge is made; insurance of freight afloat when billed out at other than cost; storage of freight afloat; grain overage in boats; pumping performed for outside parties; and for other similar sources.

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

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

106 Demurrage. This account shall include the revenue from the detention of cars incident to loading, unloading, reconsigning, and stops in transit upon the basis of lawful tariffs for demurrage. This account shall also include the revenue from the detention of trailers and containers used in TOFC/COFC service, incident to loading and unloading, upon the basis of tariff rates.

NOTE: This account shall be maintained so as to reflect separately (1) revenue from detention of cars, and (2) revenue from detention of trailers and containers used in TOFC/COFC service.

110 Incidental. This account is designed to show the amounts which the carrier becomes entitled to receive from services rendered incidentally with rail-line and water-line transportation; for the use of facilities of which the expenses for operation and maintenance are not separable from railway expenses and from incidental sources not provided for elsewhere. Among the items included in this account are revenues derived from (1) hotels and restaurants, (2) operations conducted at stations and on trains by individual or companies other than railway companies, (3) storage, (4) the sale of electric power, (5) renting property operated and maintained in connection with the property used in the carrier's transportation operations and from railway operations not provided for elsewhere.

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

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

NOTE B: No credits shall be made to this account representing amounts creditable by the operating company to primary accounts 101–103, 105, and 110.

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

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

NOTE B: No debits shall be made to this account representing amounts creditable by the operating company to primary accounts 101–103, 105, and 110.

OTHER INCOME ACCOUNTS

506 Revenues from property used in other than carrier operations. This account shall include the total revenues derived from property used in other than carrier operations, the cost of which is includible in balance-sheet account 737, ''Property used in other than carrier operations.''

510 Miscellaneous rent income. (1) This account shall include such rents of property owned and controlled by the accounting carrier as are not provided for in the foregoing accounts.

(2) This account shall be charged with the cost of maintenance of the property rented, also specific incidental expenses in connection with such property, such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, and analogous items.

NOTE A: If property the rent of which is chargeable to account 543—''Miscellaneous rents,'' is sublet by the accounting company, the rent receivable therefore shall be credited to this account.

NOTE B: Taxes on property the rent of which is creditable to this account shall be charged to account 553—''Taxes on property used in other than carrier operations.''

NOTE C: The rent from property carried in balance-sheet account 737—''Property used in other than carrier operations,'' shall not be included in this account, but in account 506—''Revenues from property used in other than carrier operations.''

NOTE D: Rent and other income from real estate acquired for new lines or for additions and betterments shall be credited to the appropriate road and equipment accounts until the completion or coming into service of the property.

519 Miscellaneous income. (1) This account shall include all items, not provided for elsewhere, properly creditable to income accounts during the current year. Among the items which shall be included in this account are:

(i) Cancellation of balance sheet accounts representing unclaimed wages and vouchered accounts written off because of carrier's inability to locate the creditor.

(ii) Profit from sale of land used for transportation purposes, of noncarrier property and of securities acquired for investment purposes.

(2) Gains for extinguishment of debt shall be aggregated and, if material, credited to account 570 ''Extraordinary Items,'' upon approval by the Commission; however, gains from extinguishment of debt (excluding debt maturing serially), which is made to satisfy sinking fund requirements, shall be recorded in this account regardless of amount.

599 Subsidy payments from preexisting contracts. This account shall include all payments made to the operating carrier of a subsidized line that (1) existed prior to the commencement of operations under a subsidy operating agreement and (2) would cease if freight service on the line were discontinued.

(b) *On-branch avoidable cost.*

(1) *Actual and apportioned expense accounts.*

PERSONNEL

Control 10–00–00

This account may be used as a control account for all accounts in the PERSONNEL Series: Salaries and Wages; Fringe Benefits Not Included in Compensation.

Salaries and Wages—Control. This control account includes the compensation payable to employees for services performed. It includes amounts payable in connection with profit sharing and stock option plans that

are part of employee compensation. This control account also includes amounts of compensation payable to employees for paid time off as a fringe benefit: vacation pay, holiday pay, sick pay, and other payments considered direct compensation for time not worked. Amounts of labor billed by contractors, other companies, and joint facilities, are not considered salaries and wages of the carrier company and are not to be included in this account group. Its components shall be distributed to the following accounts in accordance with instruction 1–14 of Part 1201, Subpart A:

Salaries and wages—way and structures—running: Freight	11–11–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's roadway and track on the line of road and outside of classification yards. Compensation payable to officers and technical and clerical employees shall only be assigned to Way and Structures—Other. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	11–11–10
Tunnels and subways	11–11–11
Bridges and culverts	11–11–12
Track laying and surfacing	11–11–17
Signals and interlockers	11–11–19
Highway grade crossings	11–11–22
Dismantling retired property	11–11–39
Road property and equipment damaged	11–11–48
Other—other	11–11–99
Salaries and wages—way and structures—switching: Freight	11–12–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's roadway and track within classification yards and stations. Compensation payable to officers and technical and clerical employees shall be assigned to Way and Structures—Other. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	11–12–10
Tunnels and subways	11–12–11
Bridges and culverts	11–12–12
Track laying and surfacing	11–12–17
Signals and interlockers	11–12–19
Highway grade crossings	11–12–22
Dismantling retired property	11–12–39
Road property and equipment damaged	11–12–48
Other—other	11–12–99
Salaries and wages—way and structures—other: Freight	11–13–XX

This account includes the compensation payable to all repair and maintenance employees and others who are associated with the repair and maintenance of the carrier's structures other than roadway and track. Each administration account (functions 02–06) includes the compensation payable to all officers and technical and clerical employees associated with the Way and Structures Activity. This account shall be subdivided by the following functions:

Administration

Track	11–13–02
Bridges and buildings	11–13–03
Signals	11–13–04
Communications	11–13–05
Other	11–13–06

Repair and maintenance

Communication systems	11–13–20
Electric power systems	11–13–21
Station and office buildings	11–13–23
Shop buildings—locomotives	11–13–24
Shop buildings—freight cars	11–13–25
Shop buildings—other	11–13–26
Locomotive servicing facilities	11–13–27
Miscellaneous buildings and structures	11–13–28
Coal terminals	11–13–29
Ore terminals	11–13–30
TOFC/COFC terminals	11–13–31
Other marine terminals	11–13–32
Motor vehicle loading and distribution facilities	11–13–33
Facilities for other specialized services operations	11–13–35
Roadway machines	11–13–36
Small tools and supplies	11–13–37
Snow removal	11–13–38
Dismantling retired property	11–13–39
Road property and equipment damaged	11–13–48
Other—other	11–13–99
Salaries and wages—equipment—locomotives: Freight	11–21–XX

This account includes the compensation payable to all officers and technical and clerical employees, repair and maintenance employees, and others who are associated with the repair and maintenance of locomotives, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—general	11–21–01

Repair and maintenance

Dismantling retired property	11–21–39
Shop machinery	11–21–40
Locomotives	11–21–41
Road property and equipment damaged	11–21–48
Other—other	11–21–99
Salaries and Wages—Equipment—Freight Cars: Freight	11–22–XX

This account includes the compensation payable to all officers, technical and clerical employees, repair and maintenance employees, and others, who are associated with the repair and maintenance of freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—general	11–22–01

Repair and maintenance

Dismantling retired property	11–22–39
Shop machinery	11–22–40
Freight cars	11–22–42
Road property and equipment damaged	11–22–48
Other—other	11–22–99
Salaries and wages—equipment—other equipment: Freight	11–23–XX

This account includes the compensation payable to all officers, technical and clerical employees, repair and maintenance employees, and others, who are associated with the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—general	11–23–01
Repair and maintenance	
Dismantling retired property	11–23–39
Shop machinery	11–23–40
Trucks, trailers, containers in revenue service	11–23–43
Floating equipment—revenue service	11–23–44
Passenger and other revenue equipment	11–23–45
Computers and data processing equipment	11–23–46
Work and other non-revenue equipment	11–23–47
Road property and equipment damaged	11–23–48
Other—other	11–23–99
Salaries and wages—transportation—train: Freight	11–31–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with the dispatching and operation of freight trains over the roadway and outside of classification yards. This account shall be subdivided by the following functions:

Administration—general	11–31–01
Operations	
Engine crews	11–31–56
Train crews	11–31–57
Dispatching trains	11–31–58
Operating switches, signals, interlockers, retarders, humps	11–31–59
Operating drawbridges	11–31–60
Highway crossing protection	11–31–61
Train inspection and lubrication	11–31–62
Clearing wrecks	11–31–63
Locomotive fuel	11–31–67
Electric power purchased/produced for motive power	11–31–68
Servicing locomotives	11–31–69
Other—other	11–31–99
Salaries and wages—transportation—yard: Freight	11–32–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with the movement of freight cars within classification yards and in terminal switching and transfer service. This account shall be subdivided by the following functions:

Administration—general	11–32–01
Operations	
Operating switches, signals, interlockers, retarders, humps	11–32–59
Clearing wrecks	11–32–63
Switch crews	11–32–64
Controlling operations	11–32–65
Yard and terminal clerical	11–32–66
Locomotive fuel	11–32–67
Electrical power purchased/produced for motive power	11–32–68
Servicing locomotives	11–32–69
Other—other	11–32–99
Salaries and wages—transportation—train and yard common: Freight	11–33–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees performing functions incurred on behalf of both train and yard operations. This account shall be subdivided by the following functions:

Operations	.....
Cleaning car interiors	11–33–70
Adjusting and transferring loads	11–33–71
Car loading devices and grain doors	11–33–72
Salaries and wages—transportation—specialized services: Freight	11–34–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees who are associated with operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Board appear within the definition of specialized services. This account shall be subdivided by the following functions:

Administration—general	11–34–01
Operations	
Pickup and delivery, marine line haul, and rail substitute service	11–34–73
Loading, unloading, and local marine	11–34–74
Protective service	11–34–75
Other—other	11–34–99
Salaries and wages—transportation—administrative support: Freight	11–35–XX

This account includes the compensation payable to all officers, technical and clerical employees, engine and train crews, and other operational employees, who are associated with providing direct administrative support for the Transportation Activity. For further clarification refer to the definition of the Administrative Support Operations Subactivity contained in Part 1201, Subpart A. This account shall be subdivided by the following functions:

Administration—general	11–35–01
Operations	
Clerical and accounting employees	11–35–76
Communication systems operations	11–35–77
Loss and damage claims processing	11–35–78
Other—other	11–35–99
Salaries and wages—general and administrative: Freight	11–61–XX

This account includes the compensation payable to all employees who are associated with overall administration or other general support for carrier operations. Overall administration includes executive, legal, financial, treasury, accounting, budgeting, taxation, corporate planning, costing, marketing, advertising, traffic, corporate secretary, public relations, real estate, insurance administration, personnel administration, pension plan administration, general purchasing, labor relations, internal auditing, industrial engineering, and regulatory reporting.

For further clarification refer to the definition of the General and Administrative Activity contained in Part 1201, Subpart A. This account shall be subdivided by the following functions:

Administration—general 11–61–01

General

Accounting, auditing, finance 11–61–86
Management services and data processing 11–61–87
Marketing 11–61–88
Sales 11–61–89
Industrial development 11–61–90
Personnel and labor relations 11–61–91
Legal and secretarial 11–61–92
Public relations and advertising 11–61–93
Research and development 11–61–94
Other—other 11–61–99
Fringe benefits not included in compensation—control 12–00–00

This control account includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation. These benefits include the carrier portions of Railroad Retirement contributions, pension expense, unemployment taxes, dental plans, health plans, hospitalization insurance, life insurance, subsidies for employee lunchrooms, company entertainment facilities for personal use, and other benefits to employees that are not includable in direct compensation. They exclude travel expense on company business, casualties, workmen's compensation, as well as dues, memberships, and similar items when the direct beneficiary is clearly the company rather than the employee

Fringe benefits not included in compensation—way and structures—running: Freight 12–11–00

This account includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the repair and maintenance of the carrier's roadway and track on the line of road and outside of classification yards.

Fringe benefits not included in compensation—way and structures—switching: Freight 12–12–00

This account includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with repair and maintenance of the carrier's roadway and track within classification yards and stations.

Fringe benefits not included in compensation—way and structures—other: Freight 12–13–00

This account includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the repair and maintenance of the carrier's structures other than roadway and track, and who are associated with the Administration of the Way and Structures Activity.

Fringe benefits not included in compensation—equipment—locomotives: Freight 12–21–00

This account includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the repair and maintenance of locomotives, whether owned by the carrier or by others.

Fringe benefits not included in compensation—equipment—freight cars: Freight 12–22–00

This account includes amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the repair and maintenance of freight cars, whether owned by the carrier or by others.

Fringe benefits not included in compensation—equipment—other equipment: 12–23–00

This account includes the amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others.

Fringe benefits not included in compensation—transportation—train: Freight 12–31–00

This account includes the amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the dispatching and operating of freight trains over the roadway and outside of classification yards.

Fringe benefits not included in compensation—transportation—yard: Freight 12–32–00

This account includes the amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with the movement of freight cars within classification yards and in terminal switching and transfer service.

Fringe benefits not included in compensation—transportation—train and yard Common: Freight 12–33–00

This account includes the amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees performing functions incurred on behalf of both train and yard operations.

Fringe benefits not included in compensation—transportation—specialized services: Freight 12–34–00

This account includes the amounts payable to others, or other costs charged to expense,

for employee benefits which are not considered part of direct compensation for employees who are associated with operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Commission appear within the definition of specialized services.

Fringe benefits not included in compensation—transportation—administrative support: Freight 12–35–00

This account includes the amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who are associated with providing direct administrative support for the Transportation Activity. For further clarification refer to the definition of the Administrative Support Operations Subactivity contained in Part 1201, Subpart A.

Fringe benefits not included in compensation—general and administrative: Freight 12–61–00

This account includes the amounts payable to others, or other costs charged to expense, for employee benefits which are not considered part of direct compensation for employees who provide overall administration or other general support for carrier operations. Overall administration includes executive, legal, financial, treasury, accounting, budgeting, taxation, corporate planning, costing, marketing, advertising, traffic, corporate secretary, public relations, real estate, insurance administration, personnel administration, pension plan administration, general purchasing, labor relations, internal auditing, industrial engineering, and regulatory reporting. For further clarification refer to the definition of the General and Administrative Activity contained in Part 1201, Subpart A.

MATERIEL

Control 20–00–00

This account may be used as a control account for the MATERIEL series: Materials, Tools, Supplies, Fuels, Lubricants.

Materials, tools, supplies, fuels, lubricants—Control 21–00–00

This account group includes the cost of items installed or commodities consumed which are charged to expense in connection with carrier operations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. This account excludes purchased services such as utilities, communications, postage and other items of similar nature.

Materials, tools, supplies, fuels, lubricants—way and structures—Running: Freight 21–11–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's roadway and track on the line of the road and outside of classification yards. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials, and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Repair and maintenance

Roadway	21–11–10
Tunnels and subways	21–11–11
Bridges and culverts	21–11–12
Ties	21–11–13
Rails	21–11–14
Other track material	21–11–15
Ballast	21–11–16
Track laying and surfacing	21–11–17
Signals and interlockers	21–11–19
Highway grade crossings	21–11–22
Dismantling retired property	21–11–39
Road property and equipment damaged	21–11–48
Other—other	21–11–99

Materials, tools, supplies, fuels, lubricants—way and structures—switching: Freight 21–12–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's roadway and track within classification yards and stations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Repair and maintenance

Roadway	21–12–10
Tunnels and subways	21–12–11
Bridges and culverts	21–12–12
Ties	21–12–13
Rails	21–12–14
Other track material	21–12–15
Ballast	21–12–16
Track laying and surfacing	21–12–17
Signals and interlockers	21–12–19
Highway grade crossings	21–12–22
Dismantling retired property	21–12–39
Road property and equipment damaged	21–12–48
Other—other	21–12–99

Materials, tools, supplies, fuels, lubricants—way and structures—other: Freight 21–13–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of the carrier's structures not provided for in running or switching. This account includes charges to

expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Administration

Track	21–13–02
Bridges and buildings	21–13–03
Signals	21–13–04
Communications	21–13–05
Other	21–13–06

Repair and maintenance

Communication systems	21–13–20
Electric power systems	21–13–21
Station and office buildings	21–13–23
Shop buildings—locomotives	21–13–24
Shop buildings—freight cars	21–13–25
Shop buildings—other equipment	21–13–26
Locomotive servicing facilities	21–13–27
Miscellaneous buildings and structures	21–13–28
Coal terminals	21–13–29
Ore terminals	21–13–30
TOFC/COFC terminals	21–13–31
Other marine terminals	21–13–32
Motor vehicle loading and distribution facilities	21–13–33
Facilities for other specialized services operations	21–13–35
Roadway machines	21–13–36
Small tools and supplies	21–13–37
Snow removal	21–13–38
Dismantling retired property	21–13–39
Road property and equipment damaged	21–13–48
Other—other	21–13–99
Materials, tools, supplies, fuels, lubricants—equipment—locomotives: Freight	21–21–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of locomotives, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Administration—General	21–21–01

Repair and maintenance

Dismantling retired property	21–21–39
Machinery	21–21–40
Locomotives	21–21–41
Road property and equipment	21–21–48
Other—other	21–21–99
Materials, tools, supplies, fuels, lubricants—equipment—freight cars: Freight	21–22–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of freight cars, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Administration—general	21–22–01

Repair and maintenance

Dismantling retired property	21–22–39
Machinery	21–22–40
Freight cars	21–22–42
Road property and equipment damaged	21–22–48
Other—other	21–22–99
Materials, tools, supplies, fuels, lubricants—equipment—other equipment: Freight	21–23–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in the performance or support of the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Administration—general	21–23–01

Repair and maintenance

Dismantling retired property	21–23–39
Machinery	21–23–40
Trucks, trailers, containers in revenue service	21–23–43
Floating equipment—revenue service	21–23–44
Passenger and other revenue equipment	21–23–45
Computers and data processing equipment	21–23–46
Work and other nonrevenue equipment	21–23–47
Road property and equipment damaged	21–23–48
Other—other	21–23–99
Materials, tools, supplies, fuels, lubricants—transportation—train: Freight	21–31–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with the dispatching and operation of freight trains over the roadway and outside of classification yards. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Administration—general	21–31–01

Operations

Engine crews	21–31–56
Train crews	21–31–57
Dispatching trains	21–31–58
Operating switches, signals, interlockers, retarders, humps	21–31–59
Operating drawbridges	21–31–60
Highway crossing protection	21–31–61
Train inspection and lubrication	21–31–62
Clearing wrecks	21–31–63
Locomotive fuels	21–31–67

Electric power purchased/produced for motive power	21–31–68
Servicing locomotives	21–31–69
Other—other	21–31–99
Materials, tools, supplies, fuels, lubricants—transportation—yard: Freight	21–32–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with the movement of freight cars within classification yards and in terminal switching and transfer service. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard statonery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Administration—general	21–32–01
Operations	
Operating switches, signals, interlockers, retarders, humps	21–32–59
Clearing wrecks	21–32–63
Switch crews	21–32–64
Controlling operations	21–32–65
Yard and terminal clerical	21–32–66
Locomotive fuel	21–32–67
Electric power purchased/produced for motive power	21–32–68
Servicing locomotives	21–32–69
Other—other	21–32–99
Materials, tools, supplies, fuels, lubricants—transportation—train and yard common: Freight	21–33–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed on behalf of both train and yard operations. This account includes charges to expense for all materials, small tools, supplies, fuels, lubricants, purchased standard stationery and forms, freight-in on materials and supplies, and similar items. Its components shall be distributed to the following functions in accordance with instruction 1–8 of Part 1201, Subpart A:

Operations	
Cleaning car interiors	21–33–70
Adjusting, transferring loads	21–33–71
Car loading devices and grain doors	21–33–72
Materials, tools, supplies, fuels, lubricants—transportation—specialized services: Freight	21–34–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Commission appear within the definition of specialized services. This account shall be subdivided by the following functions:

Administration—general	21–34–01
Operations	
Pick up and delivery, marine line haul, and rail substitute service	21–34–73
Loading, unloading, and local marine	21–34–74
Protective services	21–34–75
Other—other	21–34–99
Materials, tools, supplies, fuels, lubricants—transportation—administra- tive support: Freight	21–35–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in association with providing direct administrative support for the Transportation Activity. For further clarification refer to the definition of the Administrative Support Operations Subactivity contained in Part 1201, Subpart A. This account shall be subdivided by the following functions.

Administration—general	21–35–01
Operations	
Clerks, accounting employees	21–35–76
Communication systems operations	21–35–77
Loss and damage claims processing	21–35–78
Other—other	21–35–99
Materials, tools, supplies, fuels, lubricants—general and administrative: Freight	21–61–XX

This account includes the cost of items installed or commodities consumed which are charged to expense, where such items are consumed in providing overall administration or other general support for carrier operations. For further clarification refer to the definition of the General and Administrative Activity contained in Part 1201, Subpart A. This account shall be subdivided by the following functions:

Administration—general	21–61–01
General	
Accounting, auditing, finance	21–61–86
Management services and data processing	21–61–87
Marketing	21–61–88
Sales	21–61–89
Industrial development	21–61–90
Personnel and labor relations	21–61–91
Legal and secretarial	21–61–92
Public relations and advertising	21–61–93
Research and development	21–61–94
Other—other	21–61–99

PURCHASED SERVICES

Control	30–00–00

This account may be used as a control account for all accounts in the PURCHASED SERVICES series:

Lease rentals—Credit	.....
Joint facility rent—Debit	.....
Joint facility rent—Credit	.....
Other rents—Debit	.....
Other rents—Credit	.....
Joint facility—Debit	.....
Joint facility—Credit	.....
Repairs billed by others—Debit	.....
Repairs billed to others—Credit	.....
Other purchased services	.....
Lease rentals—debit—control	31–00–00

This control account includes the rentals of road property and equipment with terms of 30 days or more. This account excludes

joint facility and joint trackage rents, insurance and maintenance elements of lease payments, and all elements of capital leases as defined in FASB Statement No. 13. The components of this natural expense will be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Lease rentals—debit—way and structures—running: freight	31–11–00
Lease rentals—debit—way and structures—switching: freight	31–12–00
Lease rentals—debit—way and structures—other: freight	31–13–00
Lease rentals—debit—equipment—locomotives: freight	31–21–00
Lease rentals—debit—equipment—freight cars: freight	31–22–00
Lease rentals—debit—equipment—other equipment: freight	31–23–00
Lease rentals—credit—control	32–00–00

This control account includes the rentals of owned property and equipment or subleases of leased road property and equipment with terms of from 30 days to one year. Longer term leases are indicative of a noncarrier operation and all revenues and expenses related to such property and equipment should be classified accordingly and excluded from railroad operations. This account excludes joint facilities and joint trackage, capital leases, and portions of lease receipts covering maintenance and insurance. The components of this natural expense account will be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Lease rentals—credit—way and structures—running: freight	32–11–00
Lease rentals—credit—way and structures—switching: freight	32–12–00
Lease rentals—credit—way and structures—other: freight	32–13–00
Lease rentals—credit—equipment—locomotives: freight	32–21–00
Lease rentals—credit—equipment—freight cars: freight	32–22–00
Lease rentals—credit—equipment—other equipment: freight	32–23–00
Joint facility rents—debit—control	33–00–00

This control account includes amounts payable accrued as rent for equipment, tracks, yards, terminals, and other facilities owned or controlled by other carriers, companies, or individuals, and in the joint use of which the accounting company participates. Amounts paid or payable by the accounting company in reimbursement for taxes on property jointly used shall be charged to this account.

NOTE: The cost of maintenance, operation, or administration of joint facilities, chargeable to the accounting company, shall be charged to the various joint facility accounts (37–XX–00). When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per ton, car, or other unit, it shall be fairly apportioned between this account and Joint Facility—Dr. (37–XX–00). This apportionment shall be made by the operating company, and shall be followed by the accounting company. The components of this natural expense consist of the following accounts:

Joint facility rents—debit—way and structures—running: Freight	33–11–00
Joint facility rents—debit—way and structures—switching: Freight	33–12–00
Joint facility rents—debit—way and structures—other: Freight	33–13–00
Joint facility rents—debit—equipment—locomotives: Freight	33–21–00
Joint facility rents—debit—equiment—freight cars: Freight	33–22–00
Joint facility rents—debit—equipment—other equipment: Freight	33–23–00
Joint facility rents—credit—control	34–00–00

This control account includes amounts receivable accrued for rent of equipment, tracks, yards, terminals and other facilities owned or controlled by the accounting company and used jointly with other companies or individuals. Amounts receivable from other companies in reimbursement for taxes on property jointly used shall be credited to this account.

NOTE: The portion of the cost of maintenance, operation, or administration of joint facilities recoverable from others shall be credited to the various joint facility accounts (38–XX–00). When the compensation for the use of joint facilities is a fixed amount or is based upon a charge per ton, car, or other unit, it shall be fairly apportioned by the creditor between this account and Joint Facility—credit (28–XX–00).

Joint facility rents—credit—way and structures—running: Freight	34–11–00
Joint facility rents—credit—way and structures—switching: Freight	34–12–00
Joint facility rents—credit—way and structures—other: Freight	34–13–00
Joint facility rents—credit—equipment—locomotives: Freight	34–21–00
Joint facility rents—credit—equipment—freight cars: Freight	34–22–00
Joint facility rents—credit—equipment—other equipment: Freight	34–23–00
Other rents—debit—control	35–00–00

This account includes the rents with terms of less than 30 days which are not renewed. This account includes all time and mileage payments for interchange locomotive, freight car, and other revenue equipment hire. The components of this account will be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Other rents—debit—way and structures—running: Freight: Freight	35–11–00
Other rents—debit—way and structures—switching: Freight	35–12–00
Other rents—debit—way and structures—other: Freight	35–13–00
Other rents—debit—equipment—locomotives: Freight	35–21–00
Other rents—debit—equipment—freight cars: Freight	35–22–00

Other rents—debit—equipment—other equipment: Freight	35–23–00
Other rents—credit—control	36–00–00

This account includes rents with terms of less than 30 days which are not renewed. This account includes all time and mileage receipts for interchanged locomotive, freight car, and other revenue equipment hire. The components of this account will be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Other rents—credit—way and structures—running: Freight	36–11–00
Other rents—credit—way and structures—switching: Freight	36–12–00
Other rents—credit—way and structures—other: Freight	36–13–00
Other rents—credit—equipment—locomotives: Freight	36–21–00
Other rents—credit—equipment—freight cars: Freight	36–22–00
Other rents—credit—equipment—other equipment: Freight	36–23–00
Joint facility—debit—control	37–00–00

This account includes joint trackage and joint facility costs, exclusive of rents, payable by the railroad to others. The components of this account will be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Joint Facility—debit—way and structures—running: Freight	37–11–00
Joint Facility—debit—way and structures—switching: Freight	37–12–00
Joint Facility—debit—way and structures—other: Freight	37–13–00
Joint facility—debit—equipment—locomotives: Freight	37–21–00
Joint facility—debit—equipment—freight cars: Freight	37–22–00
Joint facility—debit—equipment—other equipment: Freight	37–23–00
Joint facility—debit—transportation—train: Freight	37–31–00
Joint facility—debit—transportation—yard: Freight	37–32–00
Joint facility—debit—transportation—specialized services: Freight	37–34–00
Joint facility—debit—transportation—administrative support: Freight	37–35–00
Joint facility—debit—general and administrative: Freight	37–61–00
Joint facility—credit—control	38–00–00

This account includes joint trackage and joint facility costs, exclusive of rents, payable by others to the railroad. The components of this account will be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Joint facility—credit—way and structures—running: Freight	38–11–00
Joint facility—credit—way and structures—switching: Freight	38–12–00
Joint facility—credit—way and structures—other: Freight	38–13–00
Joint facility—credit—equipment—locomotives: Freight	38–21–00
Joint facility—credit—equipment—freight cars: Freight	38–22–00
Joint facility—credit—equipment—other equipment: Freight	38–23–00
Joint facility—credit—transportation—train: Freight	38–31–00
Joint facility—credit—transportation—yard: Freight	38–32–00
Joint facility—credit—transportation—specialized services: Freight	38–34–00
Joint facility—credit—transportation—administrative support: Freight	38–35–00
Joint facility—credit—general and administrative: Freight	38–61–00
Repairs billed by others—debit—control	39–00–00

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property and equipment. The components of this account shall be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Repairs billed by others—debit—way and structures—running: Freight	39–11–XX

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property associated with the carrier's roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	39–11–10
Tunnels and subways	39–11–11
Bridges and culverts	39–11–12
Track laying and surfacing	39–11–17
Signals and interlockers	39–11–19
Highway grade crossings	39–11–22
Road property and equipment damaged	39–11–48
Repairs billed by others—debit—way and structures—switching: Freight	39–12–XX

This account includes amounts payable by the railroad to others for repair and maintenance of the reporting railroad's property associated with the carrier's roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	39–12–10
Tunnels and subways	39–12–11
Bridges and culverts	39–12–12
Track laying and surfacing	39–12–17
Signals and interlockers	39–12–19
Highway grade crossings	39–12–22
Road property and equipment damaged	39–12–48
Repairs billed by others—debit—way and structures—other: Freight	39–13–XX

This account includes amounts payable by the railroad to others for repair and maintenance of the carrier's structures other than roadway and track. This account shall be subdivided by the following functions:

Repair and maintenance

Communication systems	39–13–20
Electric power systems	39–13–21
Station and office buildings	39–13–23
Shop buildings—locomotives	39–13–24
Shop buildings—freight cars	39–13–25
Shop buildings—other equipment	39–13–26
Locomotive servicing facilities	39–13–27
Miscellaneous buildings and structures	39–13–28

Coal terminals	39–13–29
Ore terminals	39–13–30
TOFC/COFC terminals	39–13–31
Other marine terminals	39–13–32
Motor vehicle loading and distribution facilites	39–13–33
Facilities for other specialized services operations	39–13–35
Roadway machines	39–13–36
Small tools and supplies	39–13–37
Snow removal	39–13–38
Road property and equipment damaged	39–13–48
Repairs billed by others—debit—equipment—locomotives: Freight	39–21–XX

This account includes amounts payable by the railroad to others for repair and maintenance under the locomotive subactivity. This account shall be subdivided by the following functions:

Repair and maintenance

Machinery	39–21–40
Locomotives	39–21–41
Road property and equipment damaged	39–21–48
Repairs billed by others—debit—equipment—freight cars: Freight	39–22–XX

This account includes amounts payable by the railroad to others for repair and maintenance under the freight car subactivity. This account shall be subdivided by the following function:

Repair and maintenance

Machinery	39–22–40
Freight cars	39–22–42
Road property and equipment damaged	39–22–48
Repairs billed by others—debit—equipment—other equipment: Freight	39–23–XX

This account includes amounts payable by the railroad to others for the repair and maintenance of equipment not pertaining to the locomotive or freight car subactivity. This account shall be subdivided by the following functions:

Repair and maintenance

Machinery	39–23–40
Trucks, trailers, and containers in revenue service	39–23–43
Floating equipment—revenue service	39–23–44
Passenger and other revenue equipment	39–23–45
Computers and data processing equipment	39–23–46
Work and other nonrevenue equipment	39–23–47
Road property and equipment damaged	39–23–48
Repairs billed to others—credit—control	40–00–00

This control account includes amounts payable by others to the railroad for repair and maintenance of others' road property and equipment. The components of this account shall be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Repairs billed to others—credit—way and structures—running: Freight	40–11–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	40–11–10
Tunnels and subways	40–11–11
Bridges and culverts	40–11–12
Track laying and surfacing	40–11–17
Signals and interlockers	40–11–19
Highway grade crossings	40–11–22
Road property and equipment damaged	40–11–48
Repairs billed to others—credit—way and structures—switching: Freight	40–12–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	40–12–10
Tunnels and subways	40–12–11
Bridges and culverts	40–12–12
Track laying and surfacing	40–12–17
Signals and interlockers	40–12–19
Highway grade crossings	40–12–22
Road property and equipment damaged	40–12–48
Repairs billed to others—credit—way and structures—other: Freight	40–13–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' structures other than roadway and track. This account shall be subdivided by the following functions:

Repair and maintenance

Communication systems	40–13–20
Electric power systems	40–13–21
Station and office buildings	40–13–23
Shop buildings—locomotives	40–13–24
Shop buildings—freight cars	40–13–25
Shop buildings—other equipment	40–13–26
Locomotive servicing facilities	40–13–27
Miscellaneous buildings and structures	40–13–28
Coal terminals	40–13–29
Ore terminals	40–13–30
TOFC/COFC terminals	40–13–31
Other marine terminals	40–13–32
Motor vehicle loading and distribution facilities	40–13–33
Facilities for other specialized services operations	40–13–35
Roadway machines	40–13–36
Small tools and supplies	40–13–37
Snow removal	40–13–38
Road property and equipment damaged	40–13–48
Repairs billed to others—credit—equipment—locomotives: Freight	40–21–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' locomotives. This account shall be subdivided by the following functions:

Repair and maintenance

Machinery	40–21–40
Locomotives	40–21–41
Road property and equipment damaged	40–21–48
Repairs billed to others—credit—equipment—freight cars: Freight	40–22–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' freight cars. This account shall be subdivided by the following functions:

Repair and maintenance

Machinery	40–22–40
Freight cars	40–22–42
Road property and equipment damaged	40–22–48
Repairs billed to others—credit—equipment—other equipment: Freight	40–23–XX

This account includes amounts payable by others to the railroad for repair and maintenance of other railroads' other equipment. This account shall be subdivided by the following functions:

Repair and maintenance

Machinery	40–23–40
Trucks, trailers, and containers in revenue service	40–23–43
Floating equipment—revenue service	40–23–44
Passenger and other revenue equipment	40–23–45
Computers and data processing equipment	40–23–46
Work and other non-revenue equipment	40–23–47
Road property and equipment damaged	40–23–48
Other purchased services—control	41–00–00

This control account includes amounts charged or credited to operating expenses for purchased advertising; purchased printing; outside professional services such as legal, accounting, audit, engineering, and consulting; payments for detour of trains; utilities, telephone, postage, subscriptions, communications, purchased electric power for train and locomotive propulsion; and other services purchased. The components of this account shall be distributed to the following accounts in accordance with instruction 1–8 of Part 1201, Subpart A:

Other purchased services—way and structures—running: Freight	41–11–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	41–11–10
Tunnels and subways	41–11–11
Bridges and culverts	41–11–12
Track laying and surfacing	41–11–17
Signals and interlockers	41–11–19
Highway grade crossings	41–11–22
Dismantling retired property	41–11–39
Road property and equipment damaged	41–11–48
Other—other	41–11–99
Other purchased services—way and structures—switching: Freight	41–12–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	41–12–10
Tunnels and subways	41–12–11
Bridges and culverts	41–12–12
Track laying and surfacing	41–12–17
Signals and interlockers	41–12–19
Highway grade crossings	41–12–22
Dismantling retired property	41–12–39
Road property and equipment damaged	41–12–48
Other—other	41–12–99
Other purchased services—way and structures—other: Freight	41–13–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration

Track	41–13–02
Bridges and buildings	41–13–03
Signals	41–13–04
Communications	41–13–05
Other	41–13–06

Repair and maintenance

Communication systems	41–13–20
Electric power systems	41–13–21
Station and office buildings	41–13–23
Shop buildings—locomotives	41–13–24
Shop buildings—freight cars	41–13–25
Shop buildings—other equipment	41–13–26
Locomotive servicing facilities	41–13–27
Miscellaneous buildings and structures	41–13–28
Coal terminals	41–13–29
Ore terminals	41–13–30
TOFC/COFC terminals	41–13–31
Other marine terminals	41–13–32
Motor vehicle loading and distribution facilities	41–13–33
Facilities for other specialized services operations	41–13–35
Roadway machines	41–13–36
Small tools and supplies	41–13–37
Snow removal	41–13–38
Dismantling retired property	41–13–39
Road property and equipment damaged	41–13–48
Other—other	41–13–99
Other purchased services—equipment—locomotives: Freight	41–21–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–21–01

Repair and maintenance

Dismantling retired property	41–21–39
Machinery	41–21–40
Locomotive	41–21–41
Road property and equipment damaged	41–21–48
Other—other	41–21–99
Other purchased services—equipment—freight cars: Freight	41–22–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–22–01

Repair and maintenance

Dismantling retired property	41–22–39
Machinery	41–22–40
Freight cars	41–22–42
Road property and equipment damaged	41–22–48
Other—other	41–22–99
Other purchased services—equipment—other equipment: Freight	41–23–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account

41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–23–01
Repair and maintenance	
Dismantling retired property	41–23–39
Machinery	41–23–40
Trucks, trailers, containers in revenue service	41–23–43
Floating equipment—revenue service	41–23–44
Passenger and other revenue equipment	41–23–45
Computers and data processing equipment	41–23–46
Work and other nonrevenue equipment	41–23–47
Road property and equipment damaged	41–23–48
Other—other	41–23–99
Other purchased services—transportation—train: Freight	41–31–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–31–01
Operations	
Engine crews	41–31–56
Train crews	41–31–57
Dispatching trains	41–31–58
Operating switches, signals, interlockers, retarders, humps	41–31–59
Operating drawbridges	41–31–60
Highway crossing protection	41–31–61
Train inspection and lubrication	41–31–62
Clearing wrecks	41–31–63
Locomotive fuel	41–31–67
Electric power purchased/produced for motive power	41–31–68
Servicing locomotives	41–31–69
Other—other	41–31–99
Other purchased services—transportation—yard: Freight	41–32–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–32–01
Operations	
Operating switches, signals, interlockers, retarders, humps	41–32–59
Clearing wrecks	41–32–63
Switch crews	41–32–64
Controlling operations	41–32–65
Yard and terminal clerical	41–32–66
Locomotive fuel	41–32–67
Electric power purchased/produced for motive power	41–32–68
Servicing locomotives	41–32–69
Other—other	41–32–99
Other purchased services—transportation—train and yard common: Freight	41–33–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Operations	
Cleaning car interiors	41–33–70
Adjusting, transferring loads	41–33–71
Car loading devices and grain doors	41–33–72
Other purchased services—transportation—specialized services: Freight	41–34–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–34–01
Operations	
Pick up and delivery, marine line haul, and rail substitute service	41–34–73
Loading, unloading, and local marine	41–34–74
Protective Services	41–34–75
Other—other	41–34–99
Other purchased services—transportation—administrative support: freight	41–35–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–35–01
Operations	
Clerks, accounting employees	41–35–76
Communication systems operations	41–35–77
Loss and damage claims processing	41–35–78
Other—other	41–35–99
Other purchased services—general and administrative: freight	41–61–XX

This account includes amounts charged or credited to operating expenses for other purchased services specified in control account 41–00–00. This account shall be subdivided by the following functions:

Administration—general	41–61–01
General	
Accounting, auditing, finance	41–61–86
Management services and data processing	41–61–87
Marketing	41–61–88
Sales	41–61–89
Industrial development	41–61–90
Personnel and labor relations	41–61–91
Legal and secretarial	41–61–92
Public relations and advertising	41–61–93
Research and development	41–61–94
Other—other	41–61–99

CLAIMS AND INSURANCE

Control	50–00–00

This account may be used as a control account for all accounts in the CLAIMS AND INSURANCE series: loss and damage claims; other casualties; insurance.

Loss and damage claims—control	51–00–00

This account includes amounts payable to compensate for the loss or damage of freight or other goods carried in revenue service. This account excludes amounts payable to employees or other parties for injuries sustained or loss of life; for damage to real property of others or personal property not carried in revenue service; all payments for other damages of any kind; and related insurance premiums.

Loss and damage claims—transportation—train: freight	51–31–00

This account includes amounts payable to compensate for the loss or damage of freight

or other goods carried in revenue service while operating all trains except those performing yard functions in terminals.

Loss and damage claims—transportation—yard: freight 51–32–00

This account includes amounts payable to compensate for the loss or damage of freight or other goods carried in revenue service which is lost or damaged in yards or terminals.

Loss and damage claims—transportation—train and yard common: freight 51–33–00

This account includes amounts payable to compensate for the loss or damage of freight or other goods carried in revenue service which are not predominantly train or yard.

Loss and damage claims—transportation—specialized services: freight 51–34–00

This account includes amounts payable to compensate for the loss or damage of freight or other goods carried in revenue service incurred in designated specialized services operations.

Other casualties—control 52–00–00

This account includes amounts payable to employees or other parties for injuries sustained or loss of life in connection with the construction, maintenance, operations, and administration of railroad property and equipment; for damage to real property, property of others or personal property not carried in revenue service; all payments for other damages of any kind. This account excludes freight and other goods carried in revenue service, and insurance premiums related to the casualties chargeable to this account.

NOTE: The costs of clearing wrecks and repairing casualty-caused damage to the railroad's property and equipment are properly classified under other natural expense accounts as appropriate and further classified by relevant activities and functions.

These costs are appropriately charged to the following natural accounts:

Other casualties—way and structures—running: freight 52–11–00
Other casualties—way and structures—switching: freight 52–12–00
Other casualties—way and structures—other: freight 52–13–00
Other casualties—equipment—locomotives: freight 52–21–00
Other casualties—equipment—freight cars: freight 52–22–00
Other casualties—equipment—Other equipment: freight 52–23–00
Other casualties—transportation—train: freight 51–31–00
Other casualties—transportation—yard: freight 51–32–00
Other casualties—transportation—specialized services: freight 52–34–00
Other casualties—transportation—administrative support: freight 52–35–00
Other casualties—general and administrative: freight 52–61–00
Insurance—control 53–00–00

This account includes premiums for insurance to cover property and equipment loss and damage, liability, business interruption, and the like. These costs are appropriately charged to the following accounts:

Insurance—way and structures—running: freight 53–11–00
Insurance—way and structures—switching: freight 53–12–00
Insurance—way and structures—other: freight 53–13–00
Insurance—equipment—locomotives: freight 53–21–00
Insurance—equipment—freight cars: freight 53–22–00
Insurance—equipment—other equipment: freight 53–23–00
Insurance—transportation—train: freight 53–31–00
Insurance—transportation—yard: freight 53–32–00
Insurance—transportation—specialized services: freight 53–34–00
Insurance—transportation—administrative support: freight 53–35–00
Insurance—general and administrative: freight 53–61–00

GENERAL

Control ..... 60–00–004'≤

This account may be used as a control account for all accounts in the GENERAL series: other expenses; depreciation; uncollectible accounts; property taxes; other taxes.

Other expenses—control 61–00–00

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property and equipment retirement losses, and other items of a general nature.

Other expenses—way and structures—running: freight 61–11–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement lossses, and other items of a general nature associated with the carrier's roadway and track on the line of road and outside of classification yards. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway 61–11–10
Tunnels and subways 61–11–11
Bridges and culverts 61–11–12
Track laying and surfacing 61–11–17
Signals and interlockers 61–11–19
Highway grade crossings 61–11–22
Dismantling retired property 61–11–39
Road property and equipment damaged 61–11–48
Other—other 61–11–99
Other expenses—way and structures—switching: freight 61–12–XX

This account includes amount charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature

associated with the carrier's roadway and track within classification yards and stations. This account shall be subdivided by the following functions:

Repair and maintenance

Roadway	61–12–10
Tunnels and subways	61–12–11
Bridges and culverts	61–12–12
Track laying and surfacing	61–12–17
Signals and interlockers	61–12–19
Highway grade crossings	61–12–22
Dismantling retired property	61–12–39
Road property and equipment damaged	61–12–48
Other—other	61–12–99
Other expenses—way and structures—other: freight	61–13–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, road property retirement losses, and other items of a general nature associated with the carrier's structures other than roadway and track. This account shall be subdivided by the following functions:

Administration

Track	61–13–02
Bridges and buildings	61–13–03
Signals	61–13–04
Communications	61–13–05
Other	61–13–06

Repair and maintenance

Communication systems	61–13–20
Electric power systems	61–13–21
Station and office buildings	61–13–23
Shop buildings—locomotives	61–13–24
Shop buildings—freight cars	61–13–25
Shop buildings—other equipment	61–13–26
Locomotive servicing facilities	61–13–27
Miscellaneous buildings and structures	61–13–28
Coal terminals	61–13–29
Ore terminals	61–13–30
TOFC/COFC terminals	61–13–31
Other marine terminals	61–13–32
Motor vehicle loading and distribution facilities	61–13–33
Facilities for other specialized services operations	61–13–35
Roadway machines	61–13–36
Small tools and supplies	61–13–37
Snow removal	61–13–38
Dismantling retired property	61–13–39
Road property and equipment damaged	61–13–48
Other—other	61–13–99
Other expenses—equipment—locomotives: Freight	61–21–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees and equipment retirement losses, associated with the repair and maintenance of locomotives, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—general	61–21–01

Repair and maintenance

Dismantling retired property	61–21–39
Machinery	61–21–40
Locomotives	61–21–41
Road property and equipment damaged	61–21–48
Other—other	61–21–99
Other expenses—equipment—freight cars: Freight	61–22–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, equipment retirement losses, associated with the repair and maintenance of freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—general	61–22–01

Repair and maintenance

Dismantling retired property	61–22–39
Machinery	61–22–40
Freight cars	61–22–42
Road property and equipment damaged	61–22–48
Other—other	61–22–99
Other expenses—equipment—other equipment: Freight	61–23–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, equipment retirement losses, associated with the repair and maintenance of equipment other than locomotives and freight cars, whether owned by the carrier or by others. This account shall be subdivided by the following functions:

Administration—general	61–23–01

Repair and maintenance

Dismantling retired property	61–23–39
Machinery	61–23–40
Trucks, trailers, containers in revenue service	61–23–43
Floating equipment—revenue service	61–23–44
Passenger and other revenue equipment	61–23–45
Computers and data processing equipment	61–23–46
Work and other nonrevenue equipment	61–23–47
Road property and equipment damaged	61–23–48
Other—other	61–23–99
Other expenses—transportation—train: Freight	61–31–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, associated with the dispatching and operations of freight trains over the roadway and outside of classification yards. This account shall be subdivided by the following functions:

Administration—general	61–31–01

Operations

Engine crews	61–31–56
Train crews	61–31–57
Dispatching trains	61–31–58
Operating switches, signals, interlockers, retarders, humps	61–31–59
Operating drawbridges	61–31–60
Highway crossing protection	61–31–61
Train inspection and lubrication	61–31–62
Clearing wrecks	61–31–63
Locomotive fuel	61–31–67
Electric power purchased/produced for motive power	61–31–68

Servicing locomotives	61–31–69
Other—other	61–31–99
Other expenses—transportation—yard: Freight	61–32–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature associated with the movement of freight cars within classification yards and in terminal switching and transfer service. This account shall be subdivided by the following functions:

Administration—general	61–32–01
Operations	
Operating switches, signals, interlockers, retarders, humps	61–32–59
Clearing wrecks	61–32–63
Switch crews	61–32–64
Controlling operations	61–32–65
Yard and terminal clerical	61–32–66
Locomotive fuel	61–32–67
Electric power purchased/produced for motive power	61–32–68
Servicing locomotives	61–32–69
Other—other	61–32–99
Other expenses—transportation—specialized services: Freight	61–34–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in operating services which are specialized in nature and in cost characteristics. The specialized services designated by the Commission appear within the definition of specialized services. This account shall be subdivided by the following functions:

Administration—general	61–34–01
Operations	
Pick up and delivery, marine line haul, and rail substitute service	61–34–73
Loading, unloading, and local marine	61–34–74
Protective services	61–34–75
Other—other	61–34–99
Other expenses—transportation—administrative support: Freight	61–35–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in association with providing direct administrative support for the Transportation Activity. This account shall be subdivided by the following functions:

Administration—general	61–35–01
Operations	
Clerks, accounting employees	61–35–76
Communication systems operations	61–35–77
Loss and damage claims processing	61–35–78
Other—other	61–35–99
Other expenses—general and administrative: Freight	61–61–XX

This account includes amounts charged to operating expenses for items not otherwise provided for in the other natural expense accounts, including travel and other expenses of employees, and other items of a general nature incurred in providing overall administration of other support for carrier operations. This account shall be subdivided by the following functions:

Administration—general	61–61–01
General	
Accounting, auditing, finance	61–61–86
Management services and data processing	61–61–87
Marketing	61–61–88
Sales	61–61–89
Industrial development	61–61–90
Personnel labor relations	61–61–91
Legal and secretarial	61–61–92
Public relations and advertising	61–61–93
Research and development	61–61–94
Other—other	61–61–99
Depreciation—control	62–00–00

This control account includes the amounts charged to operating expenses for depreciation of owned road property and equipment, and the depreciation element of road property held under capital lease in accordance with FASB Statement No. 13. These costs are appropriately charged to the following natural accounts:

Depreciation—way and structures—running: Freight	62–11–00
Depreciation—way and structures—switching: Freight	62–12–00
Depreciation—way and structures—other: Freight	62–13–00
Depreciation—equipment—locomotives: Freight	62–21–00
Depreciation—equipment—freight cars: Freight	62–22–00
Depreciation—equipment—other equipment: Freight	62–23–00
Uncollectible accounts—control	63–00–00

This account includes charges to operating expenses for the writedown of accounts and notes due to the railroad, whether classified as current or long-term. This account includes any credits to allowance accounts for collectibility and total writeoff of receivables. This account does not include writedowns of property, equipment, or investments (except accounts, notes, or other receivables held as investments). Proper adjustments of incorrect receivables are not to be charged to this account. Collections of amounts previously written off or down are to be credited to this account. The total of this account shall be charged to the following account:

Uncollectible accounts—general and administrative: Freight	63–61–00
Property taxes—control	64–00–00

This account includes only taxes based on the value of real estate and personal property used in railroad operations. The total of this account shall be charged to the following account:

Property taxes—general and administrative: Freight	64–61–00
Other taxes—control	65–00–00

This account includes taxes on gross receipts, franchise fees, excise taxes, and similar items. This account excludes property taxes and taxes chargeable as emloyee benefits. The total of this account shall be charged to the following account:

Other taxes—general and administrative:
Freight 65–61–00

(2) *Other computed cost elements.*

651 Locomotives return on investment.
652 Freight train car costs.
01 Per day costs.
02 Mileage costs.
654 Rehabilitation.
664 Deadheading, taxi and hotel costs.
01 Deadheading.
02 Taxi.
03 Hotel.
665 Overhead movement costs.
01 Transportation.
02 Equipment.
03 Freight-train cars—mileage portion.

(3) *Off-branch avoidable costs.*

661 Terminal costs.
01 Modified terminal costs.
02 Normal terminal costs.
03 Interchange costs.
662 Freight train car costs.
663 Freight train revenue ton-mile costs.

(4) *All other avoidable costs.*[1]

671 Working capital.
672 Required capital expenditures.
673 Deferred maintenance.
674 Current cost of freight train cars, locomotives, and other equipment.
675 Foregone tax benefits.
676 Administrative costs.
677 Deferred subsidy payment costs.
678 Casualty reserve expenses.
Total, all other avoidable costs.
681 Reasonable return on the value of properties.
682 Management fee.

[43 FR 1733, Jan. 11, 1978, as amended at 43 FR 28498, June 30, 1978; 44 FR 9730, Feb. 14, 1979; 47 FR 49596, Nov. 1, 1982]

Appendix I to Part 1201—CERTIFICATION OF BRANCH LINE ACCOUNTING SYSTEM RECORDS

Carrier: (Exact legal title or name of the respondent) _____

_____

Name, title, telephone number and address of the person to be contacted:

Name _____
Title _____

Telephone Number: (Area Code) and (Telephone number) _____
Office Address: (Street and number) (City, State, and ZIP code) _____

_____

CERTIFICATION

I, the undersigned, _____
of (Title of officer in charge of accounts) ____

_____
(Full name of reporting company) _____

certify that during the calendar year 19—— the branch line accounting system data were collected and maintained for each line that met the criteria set forth in 49 CFR 1201, Subpart B, section 920(a), Lines For Which Data Collection Is Required, (Docket No. 36366).

Signature _____

Date——————

The lines covered by this certification are described below: (Describe each branch line separately using the following format as set forth in 49 CFR 1152.11.)

(a) Carrier's designation for line (Ex. Zanesville Secondary Track);
(b) State or states in which line is located;
(c) County or counties in which line is located;
(d) Milepost delineating each line or portion of line;
(e) Agency or terminal station(s) located on line or portion of line with milepost designations;
(f) Current category designation and date placed in that category; and
(g) Previous category.

[44 FR 9730, Feb. 14, 1979, as amended at 47 FR 49596, Nov. 1, 1982]

PARTS 1202—1219—[RESERVED]

PARTS 1220–1239—PRESERVATION OF RECORDS

NOTE: Section 20(7)(b) of the Interstate Commerce Act includes the following provision:

Any person who shall knowingly and willfully make, cause to be made, or participate in the making of, any false entry in any annual or other report required under this section to be filed, or in the accounts of any book of accounts or in any records or memoranda kept by a carrier, or required under this section to be kept by a lessor or other person, or who shall knowingly and willfully destroy, mutilate, alter, or by any other means or device falsify the record of any such accounts, records, or memoranda, * * * shall be deemed guilty of a misdemeanor and shall be subject, upon conviction in any

[1] Accounts 671–675 apply to Part 1152 only. Accounts 677 and 682 apply to Part 1155 only.