

million but less than \$10 million after applying the revenue deflator formula in Note A.

*Class III.* Carriers having annual carrier operating revenues (including interstate and intrastate) of less than \$3 million after applying the revenue deflator formula in Note A.

(b)(1) The class to which any carrier belongs shall be determined by annual carrier operating revenues (excluding revenues from private carriage, compensated intercorporate hauling, and leasing vehicles with drivers to private carriers) after applying the revenue deflator formula in Note A. Upward and downward classification will be effective as of January 1 of the year immediately following the third consecutive year of revenue qualification.

(2) Any carrier which begins new operations by obtaining operating authority not previously held or extends its existing authority by obtaining additional operating rights shall be classified in accordance with a reasonable estimate of its annual carrier operating revenues after applying the revenue deflator formula shown in Note A.

(3) When a business combination occurs such as a merger, reorganization, or consolidation, the surviving carrier shall be reclassified effective as of January 1 of the next calendar year on the basis of the combined revenues for the

year when the combination occurred after applying the revenue deflator formula shown in Note A.

(4) Carriers must notify the Federal Motor Carrier Safety Administration (FMCSA) of any change in classification or any change in annual operating revenues that would cause a change in classification. The carrier may request a waiver or an exception from these regulations in unusual or extenuating circumstances, where the classification process will unduly burden the carrier, such as partial liquidation or curtailment or elimination of contracted services. The request must be in writing, specifying the conditions justifying the waiver or exception. FMCSA will notify the carriers of any change in classification.

(5) Carriers not required to file an Annual Report Form M may be required to file the Worksheet for Calculating Carrier Classification. All carriers will be notified of any classification changes.

NOTE TO §369.2 Each carrier's operating revenues will be deflated annually using the Producer Price Index (PPI) of Finished Goods before comparing those revenues with the dollar revenue limits prescribed in paragraph (a) of this section. The PPI is published monthly by the Bureau of Labor Statistics. The formula to be applied is as follows:

$$\text{Current year's annual operating revenues} \times \frac{\text{1994 average PPI}}{\text{Current year's average PPI}} = \text{Adjusted annual operating revenues}$$

[52 FR 10383, Apr. 1, 1987, as amended at 59 FR 5111, Feb. 3, 1994; 59 FR 49848, Sept. 30, 1994. Redesignated at 63 FR 52193, Sept. 30, 1998, and amended at 64 FR 13921, 13922, Mar. 23, 1999; 68 FR 4719, Jan. 30, 2003. Redesignated at 71 FR 45742, Aug. 10, 2006, and amended at 71 FR 45743, Aug. 10, 2006; 78 FR 58478, Sept. 24, 2013]

**§ 369.3 Classification of carriers—motor carriers of passengers.**

(a) Common and contract carriers of passengers are grouped into the following two classes:

*Class I*—Carriers having average annual gross transportation operating revenues (including interstate and intrastate) of \$5 million or more from passenger motor carrier operations after applying the revenue deflator formula as shown in the Note.

*Class II*—Carriers having average annual gross transportation operating revenues (including interstate or intrastate) of less than \$5 million from passenger motor carrier operations after applying the revenue deflator formula as shown in the Note.

(b)(1) The class to which any carrier belongs shall be determined by annual carrier operating revenues after applying the revenue deflator formula as shown in the Note.

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shown in the Note. Upward and downward reclassification will be effective as of January 1 of the year immediately following the third consecutive year of revenue qualification.

(2) Any carrier which begins new operations (obtains operating authority not previously held) or extends its existing authority (obtains additional operating rights) shall be classified in accordance with a reasonable estimate of its annual carrier operating revenues after applying the revenue deflator formula shown in the Note.

(3) When a business combination occurs, such as a merger, reorganization, or consolidation, the surviving carrier shall be reclassified effective as of January 1 of the next calendar year on the basis of the combined revenues for the year when the combination occurred after applying the revenue deflator formula shown in the Note.

(4) Carriers shall notify the FMCSA of any change in classification or when their annual operating revenues exceed the Class II limit by writing to the Federal Motor Carrier Safety Administration at the address in §369.6. In un-

usual circumstances where the classification regulations and reporting requirements will unduly burden the carrier, the carrier may request from the FMCSA a waiver from these regulations. This request shall be in writing specifying the conditions justifying the waiver. The FMCSA then shall notify carriers of any change in classification or reporting requirements.

(c) For classification purposes, the FMCSA shall publish in the FEDERAL REGISTER annually an index number which shall be used for adjusting gross annual operating revenues. The index number (deflator) is based on the Producer Price Index of Finished Goods and is used to eliminate the effects of inflation from the classification process.

NOTE TO §369.3 Each carrier's operating revenues will be deflated annually using the Producer Price Index (PPI) of Finished Goods before comparing them with the dollar revenue limits prescribed in paragraph (a) of this section. The PPI is published monthly by the Bureau of Labor Statistics. The formula to be applied is as follows:

$$\text{Current year's annual operating revenues} \times \frac{1986 \text{ average PPI}}{\text{Current year's average PPI}} = \text{Adjusted annual operating revenues}$$

[53 FR 4029, Feb. 11, 1988. Redesignated at 63 FR 52193, Sept. 30, 1998, and amended at 68 FR 4719, Jan. 30, 2003. Redesignated at 71 FR 45742, Aug. 10, 2006, and amended at 71 FR 45743, Aug. 10, 2006; 78 FR 58478, Sept. 24, 2013]

§369.4 Annual and quarterly reports of Class I carriers of passengers.

(a) All Class I motor carriers of passengers shall complete and file Motor Carrier Quarterly and Annual Report Form MP-1 for Motor Carriers of Passengers (Form MP-1). Other than Class I carriers are not required to file Form MP-1.

(b) Motor Carrier Quarterly and Annual Report Form MP-1 shall be used to file both quarterly and annual selected motor carrier data. The annual accounting period shall be based either (1) on the 31st day of December in each year, or (2) an accounting year of thirteen 4-week periods ending at the close of the last 7 days of each calendar year. A carrier electing to adopt an account-

ing year of thirteen 4-week periods shall file with the FMCSA a statement showing the day on which its accounting year will close. A subsequent change in the accounting period may not be made except by authority of the FMCSA. The quarterly accounting period shall end on March 31, June 30, September 30, and December 31. The quarterly report shall be filed within 30 days after the end of the reporting quarter. The annual report shall be filed on or before March 31 of the year following the year to which it relates.

(c) The quarterly and annual report shall be filed in duplicate to the Federal Motor Carrier Safety Administration at the address in §369.6. Copies of