

STATE OF FLORIDA

COMMISSIONERS:
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Public Service Commission

July 10, 2003

Mr. Carroll Webb
Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 030405-TL - Proposed Amendments to Rules 25-4.017,
25-4.0405, 25-4.135, and Repeal of Rules 25-4.1352, and 25-
4.1357, F.A.C.

Dear Mr. Webb:

Enclosed is an original copy of the following materials
concerning the above referenced rules:

1. A copy of the rules and the forms incorporated by reference into the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rules.
4. A federal standards statement.
5. No statement of estimated regulatory costs was prepared.

If there are any questions with respect to these rules,
please do not hesitate to call me.

Sincerely,

Christiana T. Moore
Associate General Counsel

AUS _____
CAF _____
CMP _____
COM _____ ADMTELEPHONE.CTM
CTR _____ Enclosures
ECR _____
GCL _____ cc: Division of the Commission Clerk
OPC _____ and Administrative Services
MMS _____
SEC _____
OTH _____

DOCUMENT # MEFR - DATE
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FPSC - COMMISSION CLERK

1 **25-4.017 Uniform System of Accounts.**

2 (1) Each rate-of-return regulated local exchange
3 telecommunications company shall maintain its accounts and records
4 in conformity with the Uniform System of Accounts for
5 Telecommunications Companies (USOA) as prescribed by the Federal
6 Communications Commission in Title 47, Code of Federal Regulations,
7 Part 32 Class A, revised as of October 1, 2002 ~~1994~~, and as
8 modified below. Inquiries relating to interpretation of the USOA
9 shall be submitted in writing to the Commission's Division of
10 Economic Regulation.
11

12 (2) Each company shall establish separate depreciation
13 reserve subaccounts for each corresponding subaccount established
14 in the USOA or by rules of this Commission.
15

16 (3) A telecommunications company may use a different account
17 numbering system but shall use the same account descriptions as
18 prescribed in the USOA or by this Commission. If a different
19 account numbering system is used, a cross reference of the
20 company's system to the Commission's numbering system shall be
21 shown in the company's chart of accounts.
22

23 (4) Each company shall file, within 60 days of a final order
24 involving accounting matters, a description of all resultant
25 entries and adjustments to the accounting records.

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~~struck-through~~ type are deletions from existing law.

1 Specific Authority: 350.127(2), F.S.

2 Law Implemented: 350.115, 364.17, F.S.

3 History: Revised 12/1/68, Amended 3/31/76, 8/21/79, 1/2/80,
4 12/13/82, 12/13/83, 9/30/85, formerly 25-4.17, Amended 11/30/86,
5 4/25/88, 2/10/92, 8/11/92, 3/10/96,_____.

7 **25-4.0405 Telephone Directory Advertising Revenues.**

8 (1) The provisions of this rule, in conjunction with the
9 provisions of Section 364.037, Florida Statutes (2002) ~~(1995)~~,
10 shall govern the ratemaking treatment for telephone directory
11 advertising revenues and expenses of rate-of-return regulated local
12 exchange telecommunication companies.

14 (2) Adjustments under Section 364.037(1) for customer growth
15 and Consumer Price Index shall be calculated in accordance with
16 paragraph (2)(a), producing a Test Year Regulated Gross Profit.
17 Except as provided in paragraph (2)(e), the Test Year Regulated
18 Gross Profit shall be used to establish the test year gross profit
19 from directory advertising in the local franchise area to be
20 considered in setting rates for telecommunications service.

23 (a) The Test Year Regulated Gross Profit is determined as
24 follows: Test Year Regulated Gross Profit = 1982 Gross Profit Base
25 x Customer Growth Factor x CPI factor.

(b) The Customer Growth Factor is determined as follows:

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1 Customer Growth Factor = Average test year access lines

2 Average 1982 access lines.

3 (c) The CPI Factor reflects CPI adjustments made using the
4 annual average Consumer Price Index - All Urban (CPI-U) as follows:
5

6 CPI Factor = Annual average CPI-U for test year

7 96.5

8 (d) An access line is any exchange line that provides
9 residential or business service as follows:
10

- 11 1. Residential lines;
- 12 2. Business lines;
- 13 3. Centrex lines;
- 14 4. PBX trunks; or
- 15 5. Key system lines.

16 (e) When the Test Year Regulated Gross Profit is less than
17 two-thirds of the actual test year gross profit from directory
18 advertising, two-thirds of the actual test year gross profit shall
19 be used. When the Test Year Regulated Gross Profit is greater than
20 the actual test year gross profit from directory advertising, the
21 actual test year gross profit shall be used.
22

23 (f) Each local exchange company shall record its directory
24 advertising revenues in revenue account 5230 (Directory Revenues)
25 and shall record its directory advertising expenses in expense

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1 account 6622 (Number Services). Only those expenses formerly
2 recorded in expense account 649 (Directory Expense) shall be
3 recorded in expense subaccount 6622.1. The actual test year gross
4 profit from telephone directory advertising shall be determined by
5 subtracting the amount recorded in expense subaccount 6622.1 from
6 the amount recorded in revenue account 5230, with such adjustments
7 as the Commission deems appropriate.
8

9 (g) Directory advertising revenues, as used in this rule,
10 shall include revenue from both yellow page advertising, including
11 national advertising, and any boldface or other highlighted white
12 page listings for directories within the franchised area of the
13 exchange telephone company. Directory advertising expenses, as
14 used in this rule, shall include expenses incurred in furnishing
15 directories.
16
17

18 (3) The dollar amount of the 1982 Gross Profit Base for each
19 local exchange telephone company is established pursuant to Section
20 364.037(3) as follows:
21

<u>Local Exchange Company</u>	<u>1982 Gross Profit Base</u>
ALLTEL Florida, Inc.	\$299,380
Floralata Telephone Company, Inc.	\$1,780
Gulf Telephone Company	\$54,794
Indiantown Telephone System, Inc.	\$28,319

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1	Northeast Florida Telephone Company,	\$20,676
2	Inc.	\$68,580
3	Quincy Telephone Company	
4	St. Joseph Telephone and Telegraph	\$148,538
5	Company	
6	Southern Bell Telephone & Telegraph	\$102,215,043
7	Company Florida	\$8,830
8	Frontier Telephone Company	\$161,840
9	Vista United Telecommunications	

10 (4) The Average 1982 Access Lines for each local exchange
 11 telephone company is as follows:

12	<u>Local Exchange Company</u>	<u>1982 Average Access Lines</u>
13	ALLTEL Florida, Inc.	36,435
14	Floralta Telephone Company, Inc.	1,417
15	Gulf Telephone Company	5,934
16	Indiantown Telephone System, Inc.	1,501
17	Northeast Florida Telephone	
18	Company, Inc.	3,874
19	Quincy Telephone Company	7,089
20	St. Joseph Telephone and Tele-	
21	graph Company	16,229
22	Southern Bell Telephone & Tele-	

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1 ~~graph Company~~ ~~Florida~~ 2,993,084

2 Frontier Telephone Company 2,279

3 ~~Vista United Telecommunications~~ 1,706

4
5 Specific Authority: 350.127(2), F.S.

6 Law Implemented: 364.037, F.S.

7 History: New 4/21/86, formerly 25-4.405, Amended 4/25/88, 3/10/96.

8
9
10 **25-4.135 Annual Reports.**

11 (1) Each rate-of-return regulated local exchange telephone
12 company shall file annual reports with the Commission on Commission
13 Form PSC/ECR 018-T (/) ~~(3/96)~~ which is incorporated by reference
14 into this rule. Form PSC/ECR 018-T, entitled "Annual Report of
15 Local Exchange Telephone Companies", may be obtained from the
16 Commission's Division of Economic Regulation. These reports shall
17 be verified by a responsible accounting officer of the company
18 making the report and shall be due on or before April 30 for the
19 preceding calendar year. A company may file a written request for
20 an extension of time with the Division of Economic Regulation no
21 later than April 30. One extension of 31 days will be granted upon
22 request. A request for Commission approval of a longer extension
23 must be accompanied by a statement of good cause and shall specify
24 the date by which the report will be filed. Good cause means a
25

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1 demonstration that the company has worked diligently to prepare the
2 report and that the additional time period requested to complete
3 and submit the report is both reasonable and necessary given the
4 company's particular circumstances.

5
6 ~~(2) The company shall also file with the original and each~~
7 ~~copy of the annual report form, or separately within 30 days, a~~
8 ~~letter or report, signed by an independent certified public~~
9 ~~accountant, attesting to the conformity in all material respects of~~
10 ~~the following schedules and their applicable notes of Form PSC/ECR~~
11 ~~18 with the Commission's applicable uniform system of accounts and~~
12 ~~published accounting releases:~~

- 13
14 ~~(a) Schedule B-1 Balance Sheet,~~
15 ~~(b) Schedule B-2 Statement of Cash Flows, and~~
16 ~~(c) Schedule I-1 Income Statement.~~

17
18 ~~(3) (a) Each company shall file with the Commission an audit~~
19 ~~report issued by an independent auditor commenting on the company's~~
20 ~~compliance with its Cost Allocation Manual (CAM) or written~~
21 ~~accounting procedures for nonregulated operations. Beginning~~
22 ~~January 1, 1996, the compliance audit shall be performed no less~~
23 ~~than once every three years. The audit report shall be filed with~~
24 ~~the annual report or within 30 days of filing the annual report.~~

25 ~~(b) Each company shall file, along with the audit report, a~~

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1 ~~list of all incidents of non-compliance with the CAM or written~~
2 ~~accounting procedures for nonregulated operations. This list shall~~
3 ~~include all errors and irregularities detected by the independent~~
4 ~~auditor during the audit, regardless of materiality.~~

5
6 ~~(c) The expense of the audit shall be separately identified~~
7 ~~and shall not be chargeable to expense for ratemaking purposes.~~
8 ~~The Commission may, upon sufficient showing, modify or waive these~~
9 ~~requirements.~~

10
11 Specific Authority: 350.127(2), F.S.

12 Law Implemented: 364.17, F.S.

13 History: New 12/27/94, amended 3/10/96,_____.

14 **25-4.1352 Earnings Surveillance Report.**

15
16 ~~(1) Each rate of return regulated local exchange telephone~~
17 ~~company shall file rate of return data using Commission Form~~
18 ~~PSC/ECR 15 (3/96), which is incorporated by reference into this~~
19 ~~rule. Form PSC/ECR 15, entitled "Telephone Earnings Surveillance~~
20 ~~Report," may be obtained from the Commission's Division of~~
21 ~~Economic Regulation.~~

22
23 ~~(2) The report shall be filed semiannually, by the 15th day~~
24 ~~of the second month following the reported period.~~

25
~~(3) A company may file a written request for an extension of~~
~~time with the Division of Economic Regulation prior to the due date~~

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struck-through type are deletions from existing law.

1 ~~of the report. One extension of 31 days shall be granted upon~~
2 ~~request. A request for Commission approval of a longer extension~~
3 ~~must be accompanied by a statement of good cause and shall specify~~
4 ~~the date by which the report shall be filed.~~

5
6 Specific Authority: 350.127(2), F.S.

7 Law Implemented: 364.03(1), 350.117(1), F.S.

8 History: New 11/18/82, formerly 25-4.245, Amended 8/21/90,
9 formerly 25-4.0245, Amended 6/10/94, 3/10/96, Repealed .
10

11 **25-4.1357 Annual Separations Cost Study**

12 ~~(1) Each rate of return regulated local exchange telephone~~
13 ~~company that conducts a cost study on an annual basis shall file a~~
14 ~~copy of the study that separates operation's investments and~~
15 ~~expenses by interstate and intrastate with the Commission's~~
16 ~~Division of Economic Regulation on or before July 31 of each year.~~

17
18 ~~(2) A company may file a written request for an extension of~~
19 ~~time with the Division of Economic Regulation no later than July~~
20 ~~31. One extension of 31 days shall be granted upon request. A~~
21 ~~request for Commission approval of a longer extension must be~~
22 ~~accompanied by a statement of good cause and shall specify the date~~
23 ~~by which the report shall be filed.~~

24
25 Specific Authority: 350.127(2), F.S.

Law Implemented: 364.07(2), F.S.

CODING: Words underlined are additions; words in
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1 History: New 10/31/93, amended 3/10/96, Repealed_____.

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NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030405-TL

RULE TITLE:	RULE NO.:
Uniform System of Accounts	25-4.017
Telephone Directory Advertising Revenues	25-4.0405
Annual Reports	25-4.135
Earnings Surveillance Report	25-4.1352
Annual Separations Cost Study	25-4.1357

PURPOSE AND EFFECT: To update the version of the Uniform System of Accounts that telecommunications companies are required to follow and to streamline or eliminate certain reporting requirements applicable to rate-of-return regulated local exchange telecommunications companies.

SUMMARY: Most of these rules were last revised in 1996, in response to the 1995 changes in the Florida Statutes. The 1995 changes required that the Commission streamline its reporting requirements for small local exchange companies. Since 1996, all but one small local exchange company has elected price cap regulation. The one remaining company is the smallest, therefore we are simplifying our reporting requirements even further. Rule 25-4.017 is to be amended to update the reference to the most recent Uniform System of Accounts, Code of Federal Regulations, Part 32, as of October 1, 2002. Rule 25-4.0405 is to be amended

to update for changes in the number of rate-of-return regulated local exchange telecommunication companies. The amendment eliminates companies to which the rule no longer applies. Rule 25-4.135 is to be amended to update the reference to the revised annual report form. Some schedules have been deleted, while other schedules have been consolidated in the form. The audit report requirement is removed. Rule 25-4.1352 is to be repealed as the earnings surveillance report has been incorporated as part of the annual report form.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: None prepared. Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), FS

LAW IMPLEMENTED: 350.115, 350.117(1), 364.03(1), 364.07(2), 364.17, 364.037, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THESE RULES ARE: Christiana

T. Moore, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THESE RULES ARE:

25-4.017 Uniform System of Accounts.

(1) Each rate-of-return regulated local exchange telecommunications company shall maintain its accounts and records in conformity with the Uniform System of Accounts for Telecommunications Companies (USOA) as prescribed by the Federal Communications Commission in Title 47, Code of Federal Regulations, Part 32 Class A, revised as of October 1, 2002 ~~1994~~, and as modified below. Inquiries relating to interpretation of the USOA shall be submitted in writing to the Commission's Division of Economic Regulation.

(2) - (4) No Change.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.115, 364.17, F.S.

History: Revised 12/1/68, Amended 3/31/76, 8/21/79, 1/2/80, 12/13/82, 12/13/83, 9/30/85, formerly 25-4.17, Amended 11/30/86, 4/25/88, 2/10/92, 8/11/92, 3/10/96,_____.

25-4.0405 Telephone Directory Advertising Revenues.

(1) The provisions of this rule, in conjunction with the provisions of Section 364.037, Florida Statutes (2002) ~~(1995)~~, shall govern the ratemaking treatment for telephone directory advertising revenues and expenses of rate-of-return regulated

local exchange telecommunication companies.

(2) No Change.

(3) The dollar amount of the 1982 Gross Profit Base for each local exchange telephone company is established pursuant to Section 364.037(3) as follows:

<u>Local Exchange Company</u>	<u>1982 Gross Profit Base</u>
ALLTEL Florida, Inc.	\$299,380
Florida Telephone Company, Inc.	\$1,780
Gulf Telephone Company	\$54,794
Indiantown Telephone System, Inc.	\$28,319
Northeast Florida Telephone Company, Inc.	\$20,676
Quincy Telephone Company	\$68,580
St. Joseph Telephone and Telegraph Company	\$148,538
Southern Bell Telephone & Telegraph Company-Florida	\$102,215,043
Frontier Telephone Company	\$8,830
Vista-United Telecommunications	\$161,840

(4) The Average 1982 Access Lines for each local exchange telephone company is as follows:

<u>Local Exchange Company</u>	<u>1982 Average Access Lines</u>
ALLTEL Florida, Inc.	36,435

Floral Telephone Company, Inc.	1,417
Gulf Telephone Company	5,934
Indiantown Telephone System, Inc.	1,501
Northeast Florida Telephone Company, Inc.	3,874
Quincy Telephone Company	7,089
St. Joseph Telephone and Telegraph Company	16,229
Southern Bell Telephone & Telegraph Company - Florida	
Frontier Telephone Company	2,993,084
Vista United Telecommunications	2,279
	1,706

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.037, F.S.

History: New 4/21/86, formerly 25-4.405, Amended 4/25/88, 3/10/96, _____.

25-4.135 Annual Reports.

(1) Each rate-of-return regulated local exchange telephone company shall file annual reports with the Commission on Commission Form PSC/ECR 018-T (/) (3/96) which is incorporated by reference into this rule. Form PSC/ECR 018-T, entitled "Annual Report of Local Exchange Telephone Companies", may be obtained

from the Commission's Division of Economic Regulation. These reports shall be verified by a responsible accounting officer of the company making the report and shall be due on or before April 30 for the preceding calendar year. A company may file a written request for an extension of time with the Division of Economic Regulation no later than April 30. One extension of 31 days will be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed. Good cause means a demonstration that the company has worked diligently to prepare the report and that the additional time period requested to complete and submit the report is both reasonable and necessary given the company's particular circumstances.

~~(2) The company shall also file with the original and each copy of the annual report form, or separately within 30 days, a letter or report, signed by an independent certified public accountant, attesting to the conformity in all material respects of the following schedules and their applicable notes of Form PSC/ECR 18 with the Commission's applicable uniform system of accounts and published accounting releases:~~

~~— (a) Schedule B-1 Balance Sheet,~~

~~— (b) Schedule B-2 Statement of Cash Flows, and~~

~~— (c) Schedule I-1 Income Statement.~~

~~(3) (a) Each company shall file with the Commission an audit report issued by an independent auditor commenting on the company's compliance with its Cost Allocation Manual (CAM) or written accounting procedures for nonregulated operations. Beginning January 1, 1996, the compliance audit shall be performed no less than once every three years. The audit report shall be filed with the annual report or within 30 days of filing the annual report.~~

~~(b) Each company shall file, along with the audit report, a list of all incidents of non-compliance with the CAM or written accounting procedures for nonregulated operations. This list shall include all errors and irregularities detected by the independent auditor during the audit, regardless of materiality.~~

~~(c) The expense of the audit shall be separately identified and shall not be chargeable to expense for ratemaking purposes. The Commission may, upon sufficient showing, modify or waive these requirements.~~

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.17, F.S.

History: New 12/27/94, amended 3/10/96,_____.

25-4.1352 Earnings Surveillance Report.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.03(1), 350.117(1), F.S.

History: New 11/18/82, formerly 25-4.245, Amended 8/21/90,

formerly 25-4.0245, Amended 6/10/94, 3/10/96, Repealed_____.

25-4.1357 Annual Separations Cost Study

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.07(2), F.S.

History: New 10/31/93, amended 3/10/96, Repealed_____.

NAME OF PERSON ORIGINATING RULES: Dave Mailhot

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULES:

Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: July 1, 2003

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: March
14, 2003, Volume 29, Number 11.

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

Rules 25-4.017, 25-
4.0405, 25-4.135, 25-
4.1352, 25-4.1357
Docket No. 030405-TL

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

Most of these rules were last revised in 1996, in response to the 1995 changes in the Florida Statutes. The 1995 changes required that the Commission streamline its reporting requirements for small local exchange companies. Since 1996, all but one small local exchange company has elected price cap regulation. The one remaining company is the smallest, so the Commission is simplifying the reporting requirements even further.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.

Q of this chapter will apply unless otherwise provided in this subpart.

§ 27.1006 Designated entities.

(a) *Eligibility for small business provisions.*

(1) A very small business is an entity that, together with its controlling interests and affiliates, has average annual gross revenues not exceeding \$15 million for the preceding three years.

(2) A small business is an entity that, together with its controlling interests and affiliates, has average annual gross revenues not exceeding \$40 million for the preceding three years.

(3) A consortium of very small businesses is a conglomerate organization formed as a joint venture between or among mutually independent business firms, each of which individually satisfies the definition in paragraph (a)(1) of this section. A consortium of small businesses is a conglomerate organization formed as a joint venture between or among mutually independent business firms, each of which individually satisfies the definition in paragraph (a)(2) of this section.

(4) For purposes of determining whether an entity meets any of the definitions set forth in paragraphs (a)(1), (a)(2), or (a)(3) of this section, the gross revenues of the entity, its controlling interests and affiliates shall be considered in the manner set forth in § 1.2110(b) and (c) of this chapter.

(b) *Bidding credits.* A winning bidder that qualifies as a very small business or a consortium of very small businesses as defined in this section may use the bidding credit specified in § 1.2110(f)(2)(ii) of this chapter. A winning bidder that qualifies as a small business or a consortium of small businesses as defined in this section may use the bidding credit specified in § 1.2110(f)(2)(iii) of this chapter.

PART 32—UNIFORM SYSTEM OF ACCOUNTS FOR TELECOMMUNICATIONS COMPANIES

Subpart A—Preface

Sec.

- 32.1 Background.
- 32.2 Basis of the accounts.

- 32.3 Authority.
- 32.4 Communications Act.

Subpart B—General Instructions

- 32.11 Classification of companies.
- 32.12 Records.
- 32.13 Accounts—general.
- 32.14 Regulated accounts.
- 32.15 [Reserved]
- 32.16 Changes in accounting standards.
- 32.17 Interpretation of accounts.
- 32.18 Waivers.
- 32.19 Address for reports and correspondence.
- 32.20 Numbering convention.
- 32.21 Sequence of accounts.
- 32.22 Comprehensive interperiod tax allocation.
- 32.23 Nonregulated activities.
- 32.24 Compensated absences.
- 32.25 Unusual items and contingent liabilities.
- 32.26 Materiality.
- 32.27 Transactions with affiliates.

Subpart C—Instructions for Balance Sheet Accounts

- 32.101 Structure of the balance sheet accounts.
- 32.102 Nonregulated investments.
- 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained.
- 32.1120 Cash and equivalents.
- 32.1130 Cash.
- 32.1140 Special cash deposits.
- 32.1150 Working cash advances.
- 32.1160 Temporary investments.
- 32.1170 Receivables.
- 32.1171 Allowance for doubtful accounts.
- 32.1180 Telecommunications accounts receivable.
- 32.1181 Accounts receivable allowance—telecommunications.
- 32.1190 Other accounts receivable.
- 32.1191 Accounts receivable allowance—other.
- 32.1200 Notes receivable.
- 32.1201 Notes receivable allowance.
- 32.1210 Interest and dividends receivable.
- 32.1220 Inventories.
- 32.1280 Prepayments.
- 32.1290 Prepaid rents.
- 32.1300 Prepaid taxes.
- 32.1310 Prepaid insurance.
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- 32.1330 Other prepayments.
- 32.1350 Other current assets.
- 32.1401 Investments in affiliated companies.
- 32.1402 Investments in nonaffiliated companies.
- 32.1406 Nonregulated investments.
- 32.1407 Unamortized debt issuance expense.
- 32.1408 Sinking funds.
- 32.1410 Other noncurrent assets.
- 32.1437 Deferred tax regulatory asset.

	32.1438 Deferred maintenance and retirements.	32.3500 Accumulated amortization—intangible.
	32.1439 Deferred charges.	32.3600 Accumulated amortization—other.
ctions	32.1500 Other jurisdictional assets—net.	32.3999 Instructions for balance sheet accounts—liabilities and stockholders' equity.
s.	32.2000 Instructions for telecommunications plant accounts.	32.4000 Instructions for balance sheet accounts—liabilities and stockholders' equity.
	32.2001 Telecommunications plant in service.	32.4010 Account payable.
idards.	32.2002 Property held for future telecommunications use.	32.4020 Notes payable.
	32.2003 Telecommunications plant under construction.	32.4030 Advance billing and payments.
correspond-	32.2005 Telecommunications plant adjustment.	32.4040 Customers' deposits.
	32.2006 Nonoperating plant.	32.4050 Current maturities—long-term debt.
	32.2007 Goodwill.	32.4060 Current maturities—capital leases.
l tax alloca-	32.2110 Land and support assets.	32.4070 Income taxes—accrued.
	32.2111 Land.	32.4080 Other taxes—accrued.
	32.2112 Motor vehicles.	32.4100 Net current deferred operating income taxes.
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	32.2210 Central office—switching.	32.4230 Discount on long-term debt.
	32.2211 Analog electronic switching.	32.4240 Reacquired debt.
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se sheet ac-	32.2215 Electro-mechanical switching.	32.4260 Advances from affiliated companies.
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s.	32.2230 Central office—transmission.	32.4300 Other long-term liabilities and deferred credits.
r other than	32.2231 Radio systems.	32.4310 Other long-term liabilities.
aintained.	32.2232 Circuit equipment.	32.4320 Unamortized operating investment tax credits—net.
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le.	32.2421 Aerial cable.	32.4520 Additional paid-in capital.
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ice.	32.2431 Aerial wire.	
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32.5003	Cellular mobile revenue.
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- 32.5080 Network access revenue.
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- 32.5083 Special access revenue.
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- 32.5100 Long distance message revenue.
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- 32.5120 Long distance private network revenue.
- 32.5121 Subvoice grade long distance private network revenue.
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- 32.5126 Long distance private network switching revenue.
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- 32.5160 Other long distance revenue.
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- 32.5264 Other incidental regulated revenue.
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- 32.6341 Large private branch exchange expense.
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- 32.6421 Aerial cable expense.
- 32.6422 Underground cable expense.
- 32.6423 Buried cable expense.
- 32.6424 Submarine cable expense.
- 32.6425 Deep sea cable expense.
- 32.6426 Intrabuilding network cable expense.
- 32.6431 Aerial wire expense.
- 32.6441 Conduit systems expense.
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- 32.6511 Property held for future telecommunications use expense.
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- 32.6530 Network operations expenses.
- 32.6531 Power expense.
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32.9000 Glossary of terms.

AUTHORITY: 47 U.S.C. 154(i), 154(j) and 220 as amended, unless otherwise noted..

SOURCE: 51 FR 43499, Dec. 2, 1986, unless otherwise noted.

Subpart A—Preface

§ 32.1 Background:

The revised Uniform System of Accounts (USOA) is a historical financial accounting system which reports the results of operational and financial events in a manner which enables both management and regulators to assess these results within a specified accounting period. The USOA also provides the financial community and others with financial performance results. In order for an accounting system to fulfill these purposes, it must exhibit consistency and stability in financial reporting (including the results published for regulatory purposes). Accordingly, the USOA has been designed to reflect stable, recurring financial data based to the extent regulatory considerations permit upon the consistency of the well established body of accounting theories and principles commonly referred to as generally accepted accounting principles.

§ 32.2 Basis of the accounts.

(a) The financial accounts of a company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called (in different contexts) transaction cycles, business processes, functions or activities. The concept, however, is the same in each case; i.e., the natural groupings represent what happens within the company on a consistent and continuing basis. This repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial account structure.

(b) Within the telecommunications industry companies, certain recurring functions (natural groupings) do take

place in the course of providing products and services to customers. These accounts reflect, to the extent feasible, those functions. For example, the primary bases of the accounts containing the investment in telecommunications plant are the functions *performed by* the assets. In addition, because of the anticipated effects of future innovations, the telecommunications plant accounts are intended to permit technological distinctions. Similarly, the primary bases of plant operations, customer operations and corporate operations expense accounts are the functions *performed by* individuals. The revenue accounts, on the other hand, reflect a market perspective of natural groupings based primarily upon the products and services *purchased by* customers.

(c) In the course of developing the bases for this account structure, several other alternatives were explored. It was, for example, determined that, because of the variety and continual changing of various cost allocation mechanisms, the financial accounts of a company should not reflect an *a priori* allocation of revenues, investments or expenses to products or services, jurisdictions or organizational structures. (Note also §32.14 (c) and (d) of subpart B.) It was also determined that costs (in the case of assets) should not be recorded based solely upon physical attributes such as location, description or size.

(d) Care has been taken in this account structure to avoid confusing a function with an organizational responsibility, particularly as it relates to the expense accounts. Whereas in the past, specific organizations may have performed specific functions, the future environment with its increasing mechanization and other changes will result in entirely new or restructured organizations. Thus, any relationships drawn between organizations and accounts would become increasingly meaningless with the passage of time.

(e) These accounts, then, are intended to reflect a functional and technological view of the telecommunications industry. This view will provide a stable and consistent foundation for the recording of financial data.

(f) The financial data contained in the accounts, together with the detailed information contained in the underlying financial and other subsidiary records required by this Commission, will provide the information necessary to support separations, cost of service and management reporting requirements. The basic account structure has been designed to remain stable as reporting requirements change.

§32.3 Authority.

This Uniform System of Accounts has been prepared under the following authority: Section 4 of the Communications Act of 1934, as amended, 47 U.S.C. section 154 (1984); sections 219, 220 of the Communications Act of 1934, as amended, 47 U.S.C. sections 219, 220, (1984).

§32.4 Communications Act.

Attention is directed to the following extract from section 220 of the Communications Act of 1934, 47 U.S.C. 220 (1984):

(e) Any person who shall willfully make any false entry in the accounts of any book of accounts or in any record or memoranda kept by any such carrier, or who shall willfully destroy, mutilate, alter, or by any other means or device falsify any such account, record, or memoranda, or who shall willfully neglect or fail to make full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of the carrier, shall be deemed guilty of a misdemeanor, and shall be subject, upon conviction, to a fine of not less than \$1,000 nor more than \$5,000 or imprisonment for a term of not less than one year nor more than three years, or both such fine and imprisonment: Provided, that the Commission may in its discretion issue orders specifying such operating, accounting or financial papers, records, books, blanks, or documents which may, after a reasonable time, be destroyed, and prescribing the length of time such books, papers, or documents shall be preserved.

For regulations governing the periods for which records are to be retained, see part 42, Preservation of Records of Communications Common Carriers, of this chapter which relates to preservation of records.

Subpart B—General Instructions

§ 32.11 Classification of companies.

(a) For accounting purposes, companies are divided into classes as follows:

(1) Class A. Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.

(2) Class B. Companies having annual revenues from regulated telecommunications operations that are less than the indexed revenue threshold.

(b) Class A companies, except mid-sized incumbent local exchange carriers, as defined by § 32.9000, shall keep all the accounts of this system of accounts which are applicable to their affairs and are designated as Class A accounts. Class A companies which include mid-sized incumbent local exchange carriers shall keep Basic Property Records in compliance with the requirements of §§ 32.2000(e) and (f) of this part.

(c) Class B companies shall keep all accounts of this system of accounts which are applicable to their affairs and are designated as Class B accounts. Class B companies shall keep Continuing Property Records in compliance with the requirements of §§ 32.2000(e)(7)(A) and 32.2000(f) of this part.

(d) Class B companies and mid-sized incumbent local exchange carriers, as defined by § 32.9000 of this part, that desire more detailed accounting may adopt the accounts prescribed for Class A companies upon the submission of a written notification to the Commission. Mid-sized incumbent local exchange carriers shall maintain subsidiary record categories necessary to provide the pole attachment data currently provided in the Class A accounts.

(e) The classification of a company shall be determined at the start of the calendar year following the first time its annual operating revenue from regulated operations equals, exceeds, or falls below the indexed revenue threshold.

EFFECTIVE DATE NOTE: At 67 FR 5679, Feb. 6, 2002, § 32.11 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.11 Classification of companies.

(a) For purposes of this section, the term "company" or "companies" means incumbent local exchange carrier(s) as defined in section 251(h) of the Communications Act, and any other carriers that the Commission designates by Order.

(b) For accounting purposes, companies are divided into classes as follows:

(1) Class A. Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.

(2) Class B. Companies having annual revenues from regulated telecommunications operations that are less than the indexed revenue threshold.

(c) Class A companies, except mid-sized incumbent local exchange carriers, as defined by § 32.9000, shall keep all the accounts of this system of accounts which are applicable to their affairs and are designated as Class A accounts. Class A companies, which include mid-sized incumbent local exchange carriers, shall keep Basic Property Records in compliance with the requirements of §§ 32.2000(e) and (f).

(d) Class B companies and mid-sized incumbent local exchange carriers, as defined by § 32.9000, shall keep all accounts of this system of accounts which are applicable to their affairs and are designated as Class B accounts. Mid-sized incumbent local exchange carriers shall also maintain subsidiary record categories necessary to provide the pole attachment data currently provided in the Class A accounts. Class B companies shall keep Continuing Property Records in compliance with the requirements of §§ 32.2000(e)(7)(1)(A) and 32.2000(f).

(e) Class B companies and mid-sized incumbent local exchange carriers, as defined by § 32.9000 of this part, that desire more detailed accounting may adopt the accounts prescribed for Class A companies upon the submission of a written notification to the Commission.

(f) The classification of a company shall be determined at the start of the calendar year following the first time its annual operating revenue from regulated telecommunications operations equals, exceeds, or falls below the indexed revenue threshold.

§ 32.12 Records.

(a) The company's financial records shall be kept in accordance with generally accepted accounting principles

[51 FR 43499, Dec. 2, 1986, as amended at 61 FR 50245, Sept. 25, 1996; 62 FR 39777, July 24, 1997; 64 FR 50006, Sept. 15, 1999]

to the extent permitted by this system of accounts.

(b) The company's financial records shall be kept with sufficient particularity to show fully the facts pertaining to all entries in these accounts. The detail records shall be filed in such manner as to be readily accessible for examination by representatives of this Commission.

(c) The Commission shall require a company to maintain financial and other subsidiary records in such a manner that specific information, of a type not warranting disclosure as an account or subaccount, will be readily available. When this occurs, or where the full information is not otherwise recorded in the general books, the subsidiary records shall be maintained in sufficient detail to facilitate the reporting of the required specific information. The subsidiary records, in which the full details are shown, shall be sufficiently referenced to permit ready identification and examination by representatives of this Commission.

§ 32.13 Accounts—general.

(a) As a general rule, all accounts kept by reporting companies shall conform in numbers and titles to those prescribed herein. However, reporting companies may use different numbers for internal purposes when separate accounts (or subaccounts) maintained are consistent with the title and content of accounts and subaccounts prescribed in this system.

(1) For Class A reporting companies, accounts which are clearly summaries of other accounts or subaccounts are to be used for reporting purposes and are not otherwise required to be maintained.

(2) A company may subdivide any of the accounts prescribed. The titles of all such subaccounts shall refer by number or title to the controlling account.

(3) A company may establish temporary or experimental accounts without prior notice to the Commission.

(b) Exercise of the preceding options shall be allowed only if the integrity of the prescribed accounts is not impaired.

(c) As of the date a company becomes subject to the system of accounts, the

company is authorized to make any such subdivisions, reclassifications or consolidations of existing balances as are necessary to meet the requirements of this system of accounts.

(d) Nothing contained in this part shall prohibit or excuse any company, receiver, or operating trustee of any carrier from subdividing the accounts hereby prescribed for the purpose of:

(1) Complying with the requirements of the state commission(s) having jurisdiction; or

(2) Securing the information required in the prescribed reports to such commission(s).

(e) Where the use of subsidiary records is considered necessary in order to secure the information required in reports to any state commission, the company shall incorporate the following controls into their accounting system with respect to such subsidiary records:

(1) Subsidiary records shall be reconciled to the company's general ledger or books of original entry, as appropriate.

(2) The company shall adequately document the accounting procedures related to subsidiary records.

(3) The subsidiary records shall be maintained at an adequate level of detail to satisfy state regulators.

[51 FR 43499, Dec. 2, 1986, as amended at 65 FR 16334, Mar. 28, 2000]

EFFECTIVE DATE NOTE: At 67 FR 5679, Feb. 6, 2002, § 32.13 was amended by removing paragraph (a)(1) and redesignating paragraphs (a)(2) and (a)(3) as (a)(1) and (a)(2), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.14 Regulated accounts.

(a) In the context of this part, the regulated accounts shall be interpreted to include the investments, revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Commission. Regulated telecommunications products and services are thereby fully subject to the accounting requirements as specified in Title II of the Communications Act of 1934, as amended, and as detailed in

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(b) In addition to those amounts considered to be regulated by the provisions of paragraph (a) of this section, those telecommunications products and services to which the tariff filing requirements of the several state jurisdictions are applied shall be accounted for as regulated, except where such treatment is proscribed or otherwise excluded from the requirements pertaining to regulated telecommunications products and services by this Commission.

(c) In the application of detailed accounting requirements contained in this part, when a regulated activity involves the common or joint use of assets and resources in the provision of regulated and nonregulated products and services, companies shall account for these activities within the accounts prescribed in this system for telephone company operations. Assets and expenses shall be subdivided in subsidiary records among amounts solely assignable to nonregulated activities, amounts solely assignable to regulated activities, and amounts related to assets used and expenses incurred jointly or in common, which will be allocated between regulated and nonregulated activities. Companies shall submit reports identifying regulated and nonregulated amounts in the manner and at the times prescribed by this Commission. Nonregulated revenue items not qualifying for incidental treatment, as provided in § 32.4999(1), shall be recorded in Account 5280, Nonregulated operating revenue.

(d) Other income items which are incidental to the provision of regulated products and services shall be accounted for as regulated activities.

(e) All costs and revenues related to the offering of regulated products and services which result from arrangements for joint participation or apportionment between two or more telephone companies (e.g., joint operating agreements, settlement agreements, cost-pooling agreements) shall be recorded within the detailed accounts. Under joint operating agreements, the creditor will initially charge the entire expenses to the appropriate primary

accounts. The proportion of such expenses borne by the debtor shall be credited by the creditor and charged by the debtor to the account initially charge. Any allowances for return on property used will be accounted for as provided in Account 5240, Rent Revenue.

(f) All items of nonregulated revenue, investment and expense that are not properly includible in the detailed, regulated accounts prescribed in subparts A through F of this part, as determined by paragraphs (a) through (e) of this section shall be accounted for and included in reports to this Commission as specified in § 32.23 of this subpart.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 6560, Mar. 4, 1987; 53 FR 49321, Dec. 7, 1988]

EFFECTIVE DATE NOTE: At 67 FR 5679, Feb. 6, 2002, § 32.14 was amended by revising paragraph (e), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.14 Regulated accounts.

* * * * *

(e) All costs and revenues related to the offering of regulated products and services which result from arrangements for joint participation or apportionment between two or more telephone companies (e.g., joint operating agreements, settlement agreements, cost-pooling agreements) shall be recorded within the detailed accounts. Under joint operating agreements, the creditor will initially charge the entire expenses to the appropriate primary accounts. The proportion of such expenses borne by the debtor shall be credited by the creditor and charged by the debtor to the account initially charged. Any allowances for return on property used will be accounted for as provided in Account 5200, Miscellaneous revenue.

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§ 32.15 [Reserved]

§ 32.16 Changes in accounting standards.

(a) The company's records and accounts shall be adjusted to apply new accounting standards prescribed by the Financial Accounting Standards Board or successor authoritative accounting standard-setting groups, in a manner

consistent with generally accepted accounting principles. The change in an accounting standard will automatically take effect 90 days after the company informs this Commission of its intention to follow the new standard, unless the Commission notifies the company to the contrary. Concurrent with informing this Commission of its intent to adopt an accounting standards change, the company shall also file a revenue requirement study for the current year analyzing the effects of the accounting standards change. Furthermore, any change subsequently adopted shall be disclosed in annual reports to this Commission.

(b) The changes in accounting standards which this Commission approves will not necessarily be binding on the ratemaking practices of the various state commissions.

[51 FR 43499, Dec. 2, 1986, as amended at 64 FR 50007, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5679, Feb. 6, 2002, § 32.16 was amended by revising paragraph (a), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.16 Changes in accounting standard.

(a) The company's records and accounts shall be adjusted to apply new accounting standards prescribed by the Financial Accounting Standards Board or successor authoritative accounting standard-setting groups, in a manner consistent with generally accepted accounting principles. The change in an accounting standard will automatically take effect 90 days after the company informs this Commission of its intention to follow the new standard, unless the Commission notifies the company to the contrary. Any change adopted shall be disclosed in annual reports required by § 43.21(f) of this chapter in the year of adoption.

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§ 32.17 Interpretation of accounts.

To the end that uniform accounting shall be maintained within the prescribed system, questions involving significant matters which are not clearly provided for shall be submitted to the Chief, Wireline Competition Bureau, for explanation, interpretation, or resolution. Questions and answers thereto with respect to this system of

accounts will be maintained by the Wireline Competition Bureau.

[67 FR 13225, Mar. 21, 2002]

§ 32.18 Waivers.

A waiver from any provision of this system of accounts shall be made by the Federal Communications Commission upon its own initiative or upon the submission of written request therefor from any telecommunications company, or group of telecommunications companies, provided that such a waiver is in the public interest and each request for waiver expressly demonstrates that: existing peculiarities or unusual circumstances warrant a departure from a prescribed procedure or technique; a specifically defined alternative procedure or technique will result in a substantially equivalent or more accurate portrayal of operating results or financial condition, consistent with the principles embodied in the provisions of this system of accounts; and the application of such alternative procedure will maintain or improve uniformity in substantive results as among telecommunications companies.

§ 32.19 Address for reports and correspondence.

Reports, statements, and correspondence submitted to the Federal Communications Commission in accordance with or relating to instructions and requirements contained herein shall be addressed to the Wireless Competition Bureau, Federal Communications Commission, Washington, DC 20554.

[51 FR 43499, Dec. 2, 1986, as amended at 67 FR 13225, Mar. 21, 2002]

§ 32.20 Numbering convention.

(a) The number "32" (appearing to the left of the first decimal point) indicates the part number.

(b) The numbers immediately following to the right of the decimal point indicate, respectively, the section or account. *All Part 32 Account numbers contain 4 digits to-the-right-of the decimal point.*

(c) Cross references to accounts are made by citing the account numbers to

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the right of the decimal point; e.g., Account 2232 rather than the corresponding complete part 32 reference number 32.2232.

§ 32.21 Sequence of accounts.

The order in which the accounts are presented in this system of accounts is not to be considered as necessarily indicative of the order in which they will be scheduled at all times in reports to this Commission.

§ 32.22 Comprehensive interperiod tax allocation.

(a) Companies shall apply interperiod tax allocation (tax normalization) to all book/tax temporary differences which would be considered material for published financial report purposes. Furthermore, companies shall also apply interperiod tax allocation if any item or group of similar items when aggregated would yield debit or credit entries which exceed or would exceed 5 percent of the gross deferred income tax expense debits or credits during any calendar year over the life of the temporary difference. The tax effects of book/tax temporary differences shall be normalized and the deferrals shall be included in the following accounts:

- 4100. Net Current Deferred Operating Income Taxes;
- 4110. Net Current Deferred Nonoperating Income Taxes;
- 4340. Net Noncurrent Deferred Operating Income Taxes;
- 4350. Net Noncurrent Deferred Nonoperating Income Taxes.

In lieu of the accounting prescribed herein, any company shall treat the increase or reduction in current income taxes payable resulting from the use of flow through accounting in prior years as an increase or reduction in current tax expense.

(b) Supporting documentation shall be maintained so as to separately identify the amount of deferred taxes which arise from the use of an accelerated method of depreciation.

(c) Subsidiary records shall be used to reduce the deferred tax assets contained in the accounts specified in paragraph (a) of this section when it is likely that some portion or all of the deferred tax asset will not be realized. The amount recorded in the subsidiary

record should be sufficient to reduce the deferred tax asset to the amount that is likely to be realized.

(d) The records supporting the activity in the deferred income tax accounts shall be maintained in sufficient detail to identify the nature of the specific temporary differences giving rise to both the debits and credits to the individual accounts.

(e) Any company that uses accelerated depreciation (or recognizes taxable income or losses upon the retirement of property) for income tax purposes shall normalize the tax differentials occasioned thereby as indicated in paragraphs (e)(1) and (e)(2) of this section.

(1) With respect to the retirement of property the book/tax difference between (i) the recognition of proceeds as income and the accrual for salvage value and (ii) the book and tax capital recovery, shall be normalized.

(2) Records shall be maintained so as to show the deferred tax amounts by vintage year separately for each class or subclass of eligible depreciable telephone plant for which an accelerated method of depreciation has been used for income tax purposes. When property is transferred to nonregulated activities, the associated deferred income taxes and unamortized investment tax credits shall also be identified and transferred to the appropriate nonregulated accounts.

(f) The tax differentials to be normalized as specified in this section shall also encompass the additional effect of state and local income tax changes on Federal income taxes produced by the provision for deferred state and local income taxes for book/tax temporary differences related to such income taxes.

(g) Companies that receive the tax benefits from the filing of a consolidated income tax return by the parent company, (pursuant to closing agreements with the Internal Revenue Service, effective January 1, 1966) representing the deferred income taxes from the elimination of intercompany profits for income tax purposes on sales of regulated equipment, may credit such deferred taxes directly to the plant account which contains such

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intercompany profit rather than crediting such deferred taxes to the applicable accounts in paragraph (a) of this section. If the deferred income taxes are recorded as a reduction of the appropriate plant accounts, such reduction shall be treated as reducing the original cost of the plant and accounted for as such.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9418, Feb. 28, 1994]

§ 32.23 Nonregulated activities.

(a) This section describes the accounting treatment of activities classified for accounting purposes as "nonregulated." Preemptively deregulated activities and activities (other than incidental activities) never subject to regulation will be classified for accounting purposes as "nonregulated." Activities that qualify for incidental treatment under the policies of this Commission will be classified for accounting purposes as regulated activities. Activities that have been deregulated by a state will be classified for accounting purposes as regulated activities. Activities that have been deregulated at the interstate level, but not preemptively deregulated, will be classified for accounting purposes as regulated activities until such time as this Commission decides otherwise. The treatment of nonregulated activities shall differ depending on the extent of the common or joint use of assets and resources in the provision of both regulated and nonregulated products and services.

(b) When a nonregulated activity does not involve the joint or common use of assets and resources in the provision of both regulated and nonregulated products and services, carriers shall account for these activities on a separate set of books consistent with instructions set forth in §§ 32.1406 and 32.7990. Transfers of assets, and sales of products and services between the regulated activity and a nonregulated activity for which a separate set of books is maintained, shall be accounted for in accordance with the rules presented in § 32.27, Transactions with Affiliates. In the separate set of books, carriers may establish whatever detail they deem appropriate beyond what is necessary to provide this Commission with the

information required in §§ 32.1406 and 32.7990.

(c) When a nonregulated activity does involve the joint or common use of assets and resources in the provision of regulated and nonregulated products and services, carriers shall account for these activities within accounts prescribed in this system for telephone company operations. Assets and expenses shall be subdivided in subsidiary records among amounts solely assignable to nonregulated activities, amounts solely assignable to regulated activities, and amounts related to assets and expenses incurred jointly or in common, which will be allocated between regulated and nonregulated activities. Carriers shall submit reports identifying regulated and nonregulated amounts in the manner and at the times prescribed by this Commission. Nonregulated revenue items not qualifying for incidental treatment as provided in § 32.4999(1) of this part, shall be recorded in separate subsidiary record categories of Account 5280, Nonregulated operating revenue. Amounts assigned or allocated to regulated products or services shall be subject to part 36 of this chapter.

[52 FR 6560, Mar. 4, 1987, as amended at 53 FR 49322, Dec. 7, 1988; 59 FR 46930, Sept. 13, 1994; 64 FR 50007, Sept. 15, 1999]

§ 32.24 Compensated absences.

(a) Companies shall record a liability and charge the appropriate expense accounts for compensated absences (vacations, sick leave, etc.) in the year in which these benefits are earned by employees.

(b) With respect to the liability that exists for compensated absences which is not yet recorded on the books as of the effective date of this part, the liability shall be recorded in Account 4120, Other Accrued Liabilities, with a corresponding entry to Account 1439, Deferred Charges. This deferred charge shall be amortized on a straight line basis over a period of ten years.

(c) Records shall be maintained so as to show that no more than ten percent of the deferred charge is being amortized each year.

EFFECTIVE DATE NOTE: At 67 FR 5679, Feb. 6, 2002, § 32.24 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR

20052. Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.24 Compensated absences.

* * * * *

(b) With respect to the liability that exists for compensated absences which is not yet recorded on the books as of the effective date of this part, the liability shall be recorded in Account 4130. Other current liabilities, with a corresponding entry to Account 1438, Deferred maintenance, retirements and other deferred charges. This deferred charge shall be amortized on a straight-line basis over a period of ten years.

* * * * *

§ 32.25 Unusual items and contingent liabilities.

Extraordinary items, prior period adjustments, and contingent liabilities may be recorded in the company's books of account without prior Commission approval.

[65 FR 16334, Mar. 28, 2000]

§ 32.26 Materiality.

Companies shall follow this system of accounts in recording all financial and statistical data irrespective of an individual item's materiality under GAAP, unless a waiver has been granted under the provisions of § 32.18 of this subpart to do otherwise.

§ 32.27 Transactions with affiliates.

(a) Unless otherwise approved by the Chief, Wireless Competition Bureau, transactions with affiliates involving asset transfers into or out of the regulated accounts shall be recorded by the carrier in its regulated accounts as provided in paragraphs (b) through (f) of this section.

(b) Assets sold or transferred between a carrier and its affiliate pursuant to a tariff, including a tariff filed with a state commission, shall be recorded in the appropriate revenue accounts at the tariffed rate. Non-tariffed assets sold or transferred between a carrier and its affiliate that qualify for prevailing price valuation, as defined in paragraph (d) of this section, shall be recorded at the prevailing price. For all other assets sold by or transferred

from a carrier to its affiliate, the assets shall be recorded at the higher of fair market value and net book cost. For all other assets purchased by or transferred to a carrier from its affiliate, the assets shall be recorded at the lower of fair market value and net book cost. For purposes of this section carriers are required to make a good faith determination of fair market value.

(c) Services provided between a carrier and its affiliate pursuant to a tariff, including a tariff filed with a state commission, shall be recorded in the appropriate revenue accounts at the tariffed rate. Non-tariffed services provided between a carrier and its affiliate pursuant to publicly-filed agreements submitted to a state commission pursuant to section 252(e) of the Communications Act of 1934 or statements of generally available terms pursuant to section 252(f) shall be recorded using the charges appearing in such publicly-filed agreements or statements. Non-tariffed services provided between a carrier and its affiliate that qualify for prevailing price valuation, as defined in paragraph (d) of this section, shall be recorded at the prevailing price. For all other services provided by a carrier to its affiliate, the services shall be recorded at the higher of fair market value and fully distributed cost. For all other services received by a carrier from its affiliate, the service shall be recorded at the lower of fair market value and fully distributed cost. For purposes of this section, carriers are required to make a good faith determination of fair market value for a service when the total aggregate annual value of that service reaches or exceeds \$500,000. When a carrier reaches or exceeds the \$500,000 threshold for a particular service for the first time, the carrier must perform the market valuation and value the transaction in accordance with the affiliate transactions rules on a going-forward basis. All services received by a carrier from its affiliate(s) that exist solely to provide services to members of the carrier's corporate family shall be recorded at fully distributed cost.

(d) In order to qualify for prevailing price valuation in paragraphs (b) and (c) of this section, sales of a particular

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asset or service to third parties must encompass greater than 50 percent of the total quantity of such product or service sold by an entity. Carriers shall apply this 50 percent threshold on an asset-by-asset and service-by-service basis, rather than on a product line or service line basis. In the case of transactions for assets and services subject to section 272, a BOC may record such transactions at prevailing price regardless of whether the 50 percent threshold has been satisfied.

(e) Income taxes shall be allocated among the regulated activities of the carrier, its nonregulated divisions, and members of an affiliated group. Under circumstances in which income taxes are determined on a consolidated basis by the carrier and other members of the affiliated group, the income tax expense to be recorded by the carrier shall be the same as would result if determined for the carrier separately for all time periods, except that the tax effect of carry-back and carry-forward operating losses, investment tax credits, or other tax credits generated by operations of the carrier shall be recorded by the carrier during the period in which applied in settlement of the taxes otherwise attributable to any member, or combination of members, of the affiliated group.

(f) Companies that employ average schedules in lieu of actual costs are exempt from the provisions of this section. For other organizations, the principles set forth in this section shall apply equally to corporations, proprietorships, partnerships and other forms of business organizations.

[52 FR 6561, Mar. 4, 1987; 52 FR 39534, Oct. 22, 1987, as amended at 62 FR 2925, Jan. 21, 1997; 65 FR 16334, Mar. 28, 2000; 67 FR 13225, Mar. 21, 2002]

EFFECTIVE DATE NOTE: At 67 FR 5679, Feb. 6, 2002, §32.27 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.27 Transactions with affiliates.

(a) Unless otherwise approved by the Chief Common Carrier Bureau, transactions with affiliates involving asset transfers into or out of the regulated accounts shall be recorded by the carrier in its regulated ac-

counts as provided in paragraphs (b) through (f) of this section.

(b) Assets sold or transferred between a carrier and its affiliate pursuant to a tariff, including a tariff filed with a state commission, shall be recorded in the appropriate revenue accounts at the tariffed rate. Non-tariffed assets sold or transferred between a carrier and its affiliate that qualify for prevailing price valuation, as defined in paragraph (d) of this section, shall be recorded at the prevailing price. For all other assets sold by or transferred from a carrier to its affiliate, the assets shall be recorded at no less than the higher of fair market value and net book cost. For all other assets sold by or transferred to a carrier from its affiliate, the assets shall be recorded at no more than the lower of fair market value and net book cost.

(1) *Floor.* When assets are sold by or transferred from a carrier to an affiliate, the higher of fair market value and net book cost establishes a floor, below which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or greater than the floor, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(2) *Ceiling.* When assets are purchased from or transferred from an affiliate to a carrier, the lower of fair market value and net book cost establishes a ceiling, above which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or less than the ceiling, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(3) *Threshold.* For purposes of this section carriers are required to make a good faith determination of fair market value for an asset when the total aggregate annual value of the asset(s) reaches or exceeds \$500,000, per affiliate. When a carrier reaches or exceeds the \$500,000 threshold for a particular asset for the first time, the carrier must perform the market valuation and value the transaction on a going-forward basis in accordance with the affiliate transactions rules on a going-forward basis. When the total aggregate annual value of the asset(s) does not reach or exceed \$500,000, the asset(s) shall be recorded at net book cost.

(c) Services provided between a carrier and its affiliate pursuant to a tariff, including a tariff filed with a state commission, shall be recorded in the appropriate revenue accounts at the tariffed rate. Non-tariffed services provided between a carrier and its affiliate pursuant to publicly-filed agreements submitted to a state commission pursuant to section 252(e) of the Communications Act of 1934 or statements of generally available

terms pursuant to section 252(f) shall be recorded using the charges appearing in such publicly-filed agreements or statements. Non-tariffed services provided between a carrier and its affiliate that qualify for prevailing price valuation, as defined in paragraph (d) of this section, shall be recorded at the prevailing price. For all other services sold by or transferred from a carrier to its affiliate, the services shall be recorded at no less than the higher of fair market value and fully distributed cost. For all other services sold by or transferred to a carrier from its affiliate, the services shall be recorded at no more than the lower of fair market value and fully distributed cost.

(1) *Floor.* When services are sold by or transferred from a carrier to an affiliate, the higher of fair market value and fully distributed cost establishes a floor, below which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or greater than the floor, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(2) *Ceiling.* When services are purchased from or transferred from an affiliate to a carrier, the lower of fair market value and fully distributed cost establishes a ceiling, above which the transaction cannot be recorded. Carriers may record the transaction at an amount equal to or less than the ceiling, so long as that action complies with the Communications Act of 1934, as amended, Commission rules and orders, and is not otherwise anti-competitive.

(3) *Threshold.* For purposes of this section, carriers are required to make a good faith determination of fair market value for a service when the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. When a carrier reaches or exceeds the \$500,000 threshold for a particular service for the first time, the carrier must perform the market valuation and value the transaction in accordance with the affiliate transactions rules on a going-forward basis. All services received by a carrier from its affiliate(s) that exist solely to provide services to members of the carrier's corporate family shall be recorded at fully distributed cost.

(d) In order to qualify for prevailing price valuation in paragraphs (b) and (c) of this section, sales of a particular asset or service to third parties must encompass greater than 25 percent of the total quantity of such product or service sold by an entity. Carriers shall apply this 25 percent threshold on an asset-by-asset and service-by-service basis, rather than on a product-line or service-line basis. In the case of transactions for assets and services subject to section 272, a BOC may record such transactions at prevailing

price regardless of whether the 25 percent threshold has been satisfied.

(e) Income taxes shall be allocated among the regulated activities of the carrier, its nonregulated divisions, and members of an affiliated group. Under circumstances in which income taxes are determined on a consolidated basis by the carrier and other members of the affiliated group, the income tax expense to be recorded by the carrier shall be the same as would result if determined for the carrier separately for all time periods, except that the tax effect of carry-back and carry-forward operating losses, investment tax credits, or other tax credits generated by operations of the carrier shall be recorded by the carrier during the period in which applied in settlement of the taxes otherwise attributable to any member, or combination of members, of the affiliated group.

(f) Companies that employ average schedules in lieu of actual costs are exempt from the provisions of this section. For other organizations, the principles set forth in this section shall apply equally to corporations, proprietorships, partnerships and other forms of business organizations.

Subpart C—Instructions for Balance Sheet Accounts

§ 32.101 Structure of the balance sheet accounts.

The Balance Sheet accounts shall be maintained as follows:

Account 1120, Cash and Equivalents, through Account 1500, Other Jurisdictional Assets—Net, shall include assets other than regulated-fixed assets.

Account 2001, Telecommunications Plant in Service, through Account 2007, Goodwill, shall include the regulated fixed assets.

Account 3100, Accumulated Depreciation through Account 3600, Accumulated Amortization—Other, shall include the asset and deferred tax reserves.

Account 4010, Accounts Payable, through Account 4550, Retained Earnings, shall include all liabilities and stockholders equity.

EFFECTIVE DATE NOTE: At 67 FR 5680, Feb. 6, 2002, § 32.101 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.101 Structure of the balance sheet accounts.

The Balance Sheet accounts shall be maintained as follows:

(a) Account 1120, Cash and equivalents, through Account 1500, Other jurisdictional

assets—net, shall include assets other than regulated-fixed assets.

(b) Account 2001. Telecommunications plant in service, through Account 2007. Goodwill, shall include the regulated-fixed assets.

(c) Account 3100. Accumulated depreciation through Account 3410. Accumulated amortization—capitalized leases, shall include the asset reserves except that reserves related to certain asset accounts will be included in the asset account. (See §§ 32.2005, 32.2682 and 32.2690.)

(d) Account 4000. Current accounts and notes payable, through Account 4550. Retained earnings, shall include all liabilities and stockholders equity.

§ 32.102 Nonregulated investments.

Nonregulated investments shall include the investment in nonregulated activities that are conducted through the same legal entity as the telephone company operations, but do not involve the joint or common use of assets or resources in the provision of both regulated and nonregulated products and services. See §§ 32.14 and 32.23.

[52 FR 6561, Mar. 4, 1987]

§ 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained.

BALANCE SHEET ACCOUNTS

Account title	Class A account	Class B account
Current Assets		
Cash and equivalents:		
Cash and equivalents		1120
Cash	1130	
Special cash deposits	1140	
Working cash advances	1150	
Temporary investments	1160	
Receivables and allowances for doubtful accounts:		
Telecommunications accounts receivable	1180	1180
Accounts receivable allowance—telecommunications	1181	1181
Other accounts receivable	1190	1190

BALANCE SHEET ACCOUNTS

Account title	Class A account	Class B account
Current assets		
Cash and equivalents	1120	1120
Receivables	1170	1170
Allowance for doubtful accounts	1171	1171
Supplies:		
Material and supplies	1220	1220
Prepayments	1280	1280
Other current assets	1350	1350
Noncurrent assets		
Investments:		
Nonregulated investments	1406	1406

BALANCE SHEET ACCOUNTS—Continued

Account title	Class A account	Class B account
Accounts receivable allowance—		
other	1191	1191
Notes receivable	1200	1200
Notes receivable allowance	1201	1201
Interest and dividends receivable	1210	1210
Supplies:		
Material and supplies	1220	1220
Prepayments:		
Prepayments		1280
Prepaid rents	1290	
Prepaid taxes	1300	
Prepaid insurance	1310	
Prepaid directory expenses	1320	
Other prepayments	1330	
Other current assets:		
Other current assets	1350	1350
Noncurrent Assets		
Investments:		
Investment in affiliated companies ...	1401	1401
Investments in nonaffiliated companies	1402	1402
Nonregulated investments	1406	1406
Unamortized debt issuance expense	1407	1407
Sinking funds	1408	1408
Other noncurrent assets	1410	1410
Deferred charges:		
Deferred tax regulatory asset	1437	1437
Deferred maintenance and retirements	1438	1438
Deferred charges	1439	1439
Other:		
Other jurisdictional assets—net	1500	1500

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9418, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5680, Feb. 6, 2002, § 32.103 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.103 Balance sheet accounts for other than regulated-fixed assets to be maintained.

Balance sheet accounts to be maintained by Class A and Class B telephone companies for other than regulated-fixed assets are indicated as follows:

BALANCE SHEET ACCOUNTS—Continued

Continued

Account title		Class A account	Class B account
Other noncurrent assets		1410	1410
Deferred charges:			
Deferred maintenance, retirements and other deferred charges		1438	1438
Other:			
Other jurisdictional assets-net		1500	1500

§ 32.1120 Cash and equivalents.

This account shall be used by Class B companies to record assets of the type required of Class A companies in Accounts 1130 through 1160.

EFFECTIVE DATE NOTE: At 67 FR 5681, Feb. 6, 2002, § 32.1120 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1120 Cash and equivalents.

(a) This account shall include the amount of current funds available for use on demand in the hands of financial officers and agents, deposited in banks or other financial institutions and also funds in transit for which agents have received credit.

(b) This account shall include the amount of cash on special deposit, other than in sinking and other special funds provided for elsewhere, to pay dividends, interest, and other debts, when such payments are due one year or less from the date of deposit; the amount of cash deposited to insure the performance of contracts to be performed within one year from date of the deposit; and other cash deposits of a special nature not provided for elsewhere. This account shall include the amount of cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced, and also cash realized from the sale of the company's securities and deposited with trustees to be held until invested in physical property of the company or for disbursement when the purposes for which the securities were sold are accomplished.

(c) Cash on special deposit to be held for more than one year from the date of deposit shall be included in Account 1410, Other noncurrent assets.

(d) This account shall include the amount of cash advanced to officers, agents, employees, and others as petty cash or working funds from which expenditures are to be made and accounted for.

(e) This account shall include the cost of current securities acquired for the purpose of temporarily investing cash, such as time drafts receivable and time loans, bankers' acceptances, United States Treasury certifi-

cates, marketable securities, and other similar investments of a temporary character.

(f) Accumulated changes in the net unrealized losses of current marketable equity securities shall be included in the determination of net income in the period in which they occur in Account 7300, Other Nonoperating Income and Expense.

(g) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts of temporary investments that relate to affiliates and non-affiliates. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

§ 32.1130 Cash.

(a) This account shall include the amount of current funds available for use on demand in the hands of financial officers and agents, deposited in banks or other financial institutions and also funds in transit for which agents have received credit.

(b) Working cash advances shall be included in Account 1150, Working Cash Advances.

EFFECTIVE DATE NOTE: At 67 FR 5681, Feb. 6, 2002, § 32.1130 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1140 Special cash deposits.

(a) This account shall include the amount of cash on special deposit, other than in sinking and other special funds provided for elsewhere, to pay dividends, interest, and other debts, when such payments are due one year or less from the date of deposit; the amount of cash deposited to insure the performance of contracts to be performed within one year from date of the deposit; and other cash deposits of a special nature not provided for elsewhere. This account shall include the amount of cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced, and also cash realized

	Class B account
20	1120
70	1170
71	1171
20	1220
80	1280
50	1350
06	1406

ended at 59

FR 5680, Feb. 6, 2002, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

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maintained in the hands of financial officers and agents, deposited in banks or other financial institutions and also funds in transit for which agents have received credit.

from the sale of the company's securities and deposited with trustees to be held until invested in physical property of the company or for disbursement when the purposes for which the securities were sold are accomplished.

(b) Cash on deposit in special accounts where the funds are available for the current requirements of the company shall be included in Account 1130, Cash.

(c) Cash on special deposit to be held for more than one year from the date of deposit shall be included in Account 1410, Other Noncurrent Assets.

EFFECTIVE DATE NOTE: At 67 FR 5681, Feb. 6, 2002, § 32.1140 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1150 Working cash advances.

This account shall include the amount of cash advanced to officers, agents, employees, and others as petty cash or working funds from which expenditures are to be made and accounted for.

EFFECTIVE DATE NOTE: At 67 FR 5681, Feb. 6, 2002, § 32.1150 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1160 Temporary investments.

(a) This account shall include the cost of current securities acquired for the purpose of temporarily investing cash, such as time drafts receivable and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments of a temporary character.

(b) Accumulated changes in the net unrealized losses of current marketable equity securities shall be included in the determination of net income in the period in which they occur in Account 7360, Other Nonoperating Income.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5681, Feb. 6, 2002, § 32.1160 was removed, effective Aug. 6,

2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1170 Receivables.

(a) This account shall include all amounts due from customers for services rendered or billed and from agents and collectors authorized to make collections from customers. This account shall also include all amounts due from customers or agents for products sold. This account shall be kept in such manner as will enable the company to make the following analysis:

(1) Amounts due from customers who are receiving telecommunications service.

(2) Amounts due from customers who are not receiving service and whose accounts are in process of collection

(b) Collections in excess of amounts charged to this account may be credited to and carried in this account until applied against charges for services rendered or until refunded.

(c) Cost of demand or time notes, bills and drafts receivable, or other similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of issue.

(d) Amount of interest accrued to the date of the balance sheet on bonds, notes, and other commercial paper owned, on loans made, and the amount of dividends receivable on stocks owned.

(e) This account shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking and other funds.

(f) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1410, Other noncurrent assets, as a reduction of the carrying value of the investment.

(g) This account shall include all amounts currently due, and not provided for in (a) through (g) of this section such as those for traffic settlements, divisions of revenue, material and supplies, matured rents, and interest receivable under monthly settlements on short-term loans, advances, and open accounts. If any of these

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items are not to be paid currently, they shall be transferred to Account 1410. Other noncurrent assets.

(h) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

[67 FR 5681, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 67 FR 5681, Feb. 6, 2002. §32.1170 was added, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1171 Allowance for doubtful accounts.

(a) This account shall be credited with amounts charged to Accounts 5300, Uncollectible revenue, and 6790, Provision for uncollectible notes receivable to provide for uncollectible amounts related to accounts receivable and notes receivable included in Account 1170, Receivables. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1170. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 5300, Uncollectible revenue or directly to Account 6790, Provision for uncollectible notes receivable, as appropriate.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

[67 FR 5682, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002. §32.1171 was added, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1180 Telecommunications accounts receivable.

(a) This account shall include all amounts due from customers for services rendered or billed and from agents

and collectors authorized to make collections from customers. This account shall also include all amounts due from customers or agents for products sold. This account shall be kept in such manner as will enable the company to make the following analysis:

(1) Amounts due from customers who are receiving telecommunications service.

(2) Amounts due from customers who are not receiving service and whose accounts are in process of collection.

(b) Collections in excess of amounts charged to this account may be credited to and carried in this account until applied against charges for services rendered or until refunded.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1180 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1181 Accounts receivable allowance—telecommunications.

(a) This account shall be credited with amounts charged to Account 5301, Uncollectible Revenue—Telecommunications, to provide for uncollectible amounts included in Account 1180, Telecommunications Accounts Receivable. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1180. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 5301, Uncollectible Revenue—Telecommunications.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1181 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1190 Other accounts receivable.

(a) This account shall include all amounts currently due, and not provided for in other accounts, such as those for traffic settlements, divisions of revenue, material and supplies, matured rents, and interest receivable under monthly settlements on short-term loans, advances, and open accounts.

(b) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

(c) Amounts included in this account pertaining to affiliates shall not include amounts receivable from sales of telecommunications service provided at tariffed rates. Such amounts shall be included in Account 1180, Telecommunications Accounts Receivable.

(d) If any items included in this account are not to be paid currently they shall be transferred to Account 1410, Other Noncurrent Assets, or 1401, Investments in Affiliated Companies, as appropriate.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1190 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1191 Accounts receivable allowance—other.

(a) This account shall be credited with amounts charged to Account 5302, Uncollectible Revenue—Other to provide for uncollectible amounts included in Account 1190, Other Accounts Receivable. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1190. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be

charged directly to Account 5302, Uncollectible Revenue—Other.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

§ 32.1200 Notes receivable.

(a) This account shall include the cost of demand or time notes, bills and drafts receivable, or other similar evidences (except interest coupons) of money receivable on demand or within a time not exceeding one year from date of issue.

(b) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1200 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1201 Notes receivable allowance.

(a) This account shall be credited with amounts charged Account 6790, Provision for Uncollectible Notes Receivable to provide for uncollectible amounts included in Account 1200, Notes Receivable. There shall also be credited to this account amounts collected which previously had been written off through charges to this account and credits to Account 1200. There shall be charged to this account any amounts covered thereby which have been found to be impracticable of collection.

(b) If no such allowance is maintained, uncollectible amounts shall be charged directly to Account 6790, Provision for Uncollectible Notes Receivable.

(c) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to affiliates and nonaffiliates. Such subsidiary record categories shall be reported as

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EFFECTIVE DATE NOTE: At 67 FR 5682, Feb.
6, 2002, §32.1201 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.1210 Interest and dividends re- ceivable.

(a) This account shall include the
amount of interest accrued to the date
of the balance sheet on bonds, notes,
and other commercial paper owned, on
loans made, and the amount of divi-
dends receivable on stocks owned.

(b) This account shall not include
dividends or other returns on securities
issued or assumed by the company and
held by or for it, whether pledged as
collateral, or held in its treasury, in
special deposits, or in sinking and
other funds.

(c) Interest receivable under monthly
settlements on short-term loans, ad-
vances, and open accounts, shall be in-
cluded in Account 1180, Telecommuni-
cations Accounts Receivable or Ac-
count 1190, Other Accounts Receivable,
as appropriate.

(d) Dividends received and receivable
from affiliated companies accounted
for on the equity method shall be in-
cluded in Account 1401, Investments in
Affiliated Companies, as a reduction of
the carrying value of the investment.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb.
6, 2002, §32.1210 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.1220 Inventories.

(a) This account shall include the
cost of materials and supplies held in
stock and inventories of goods held for
resale or lease. The investment in in-
ventories shall be maintained in the
following subaccounts:

1220.1 Material and supplies
1220.2 Property held for sale or lease

(b) These subaccounts shall not in-
clude items which are related to a non-
regulated activity unless that activity
involves joint or common use of assets
and resources in the provision of regu-
lated and nonregulated products and
services.

(c) 1220.1 Material and supplies. This
subaccount shall include cost of mate-

rial and supplies held in stock includ-
ing plant supplies, motor vehicles sup-
plies, tools, fuel, other supplies and
material and articles of the company
in process of manufacture for supply
stock. (Note also §32.2000(c)(2)(iii) of
this subpart.)

(d) Transportation charges and sales
and use taxes, so far as practicable,
shall be included as a part of the cost
of the particular material to which
they relate. Transportation and sales
and use taxes which are not included as
part of the cost of particular material
shall be equitably apportioned among
the detail accounts to which material
is charged.

(e) So far as practicable, cash and
other discount on material shall be de-
ducted in determining cost of the par-
ticular material to which they relate
or credited to the account to which the
material is charged. When such deduc-
tion is not practicable, discounts shall
be equitably apportioned among the de-
tail accounts to which material is
charged.

(f) Material recovered in connection
with construction, maintenance or re-
tirement of property shall be charged
to this account as follows:

(1) Reusable items that, when in-
stalled or in service, were retirement
units shall be included in this account
at the original cost, estimated if not
known. (Note also §32.2000(d)(3) of this
subpart.)

(2) Reusable minor items that, when
installed or in service, were not retire-
ment units shall be included in this ac-
count at current prices new.

(3) The cost of repairing reusable ma-
terial shall be charged to the appro-
priate account in the Plant Specific
Operations Expense accounts.

(4) Scrap and nonusable material in-
cluded in this account shall be carried
at the estimated amount which will be
received therefor. The difference be-
tween the amounts realized for scrap
and nonusable material sold and the
amounts at which it is carried in this
account, so far as practicable, shall be
adjusted in the accounts credited when
the material was taken up in this ac-
count.

(g) Interest paid on material bills,
the payments of which are delayed.

shall be charged to Account 7540, Other interest deductions.

(h) Inventories of material and supplies shall be taken during each calendar year and the adjustments to this account shall be charged or credited to Account 6512, Provisioning expense.

(i) 1220.2 Property held for sale or lease. This subaccount shall include the cost of all items purchased for resale or lease. The cost shall include applicable transportation charges, sales and use taxes, and cash and other purchase discounts. Inventory shortage and overage shall be charged and credited, respectively, to Account 5280, Nonregulated operating revenue.

[52 FR 39534, Oct. 22, 1987, as amended at 53 FR 49322, Dec. 7, 1988]

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1220 was amended by revising paragraphs (g) and (h), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1220 Inventories.

* * * * *

(g) Interest paid on material bills, the payments of which are delayed, shall be charged to Account 7500, Interest and related items.

(h) Inventories of material and supplies shall be taken periodically or frequently enough for reporting purposes, as appropriate, in accordance with generally accepted accounting principles. The adjustments to this account shall be charged or credited to Account 6512, Provisioning expense.

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§ 32.1280 Prepayments.

This account shall be used by Class B companies to record assets of the type required of Class A companies in Accounts 1290 through 1330.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1280 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1280 Prepayments.

This account shall include:

(a) The amounts of rents paid in advance of the period in which they are chargeable to income, except amounts chargeable to telecommunications plant under construction

and minor amounts which may be charged directly to the final accounts. As the term expires for which the rents are paid, this account shall be credited monthly and the appropriate account charged.

(b) The balance of all taxes, other than amounts chargeable to telecommunication plant under construction and minor amounts which may be charged to the final accounts, paid in advance and which are chargeable to income within one year. As the term expires for which the taxes are paid, this account shall be credited monthly and the appropriate account charged.

(c) The amount of insurance premiums paid in advance of the period in which they are chargeable to income, except premiums chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the premiums are paid, this account shall be credited monthly and the appropriate account charged.

(d) The cost of preparing, printing, binding, and delivering directories and the cost of soliciting advertisements for directories, except minor amounts which may be charged directly to Account 6620, Services. Amounts in this account shall be cleared to Account 6620 by monthly charges representing that portion of the expenses applicable to each month.

(e) Other prepayments not included in paragraphs (a) through (d) of this section except for minor amounts which may be charged directly to the final accounts. As the term expires for which the payments apply, this account shall be credited monthly and the appropriate account charged.

§ 32.1290 Prepaid rents.

This account shall include the amounts of rents paid in advance of the period in which they are chargeable to income, except amounts chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the rents are paid, this account shall be credited monthly and the appropriate account charged.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1290 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1300 Prepaid taxes.

This account shall include the balance of all taxes, other than amounts chargeable to telecommunication plant under construction and minor amounts

may be charged to the final accounts, paid in advance and which are chargeable to income within one year. As the term expires for which the taxes are paid, this account shall be credited monthly and the appropriate account charged.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1300 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1310 Prepaid insurance.
This account shall include the amount of insurance premiums paid in advance of the period in which they are chargeable to income, except premiums chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the premiums are paid, this account shall be credited monthly and the appropriate account charged.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1310 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1320 Prepaid directory expenses.
This account shall include the cost of preparing, printing, binding, and delivering directories and the cost of soliciting advertisements for directories, except minor amounts which may be charged directly to Account 6622, Number Services. Amounts in this account shall be cleared to Account 6622 by monthly charges representing that portion of the expenses applicable to each month.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1320 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1330 Other prepayments.
This account shall include prepayments, other than those includable in Accounts 1290 through 1320, except minor amounts which may be charged directly to the final accounts. As the term expires for which the payments apply, this account shall be credited monthly and the appropriate account charged.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1330 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1350 Other current assets.
This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1330.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1350 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1350 Other current assets.
This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1280.

§ 32.1401 Investments in affiliated companies.
(a) This account shall include the acquisition cost of the company's investment in equity or other securities issued or assumed by affiliated companies, other than securities held in special funds which shall be charged to Account 1408, Sinking Funds. The carrying value of the investment (securities) accounted for on the equity method shall be adjusted to recognize the company's share of the earnings or losses and dividends received or receivable of the affiliated company from the date of acquisition. (Note also Account 1210, Interest and Dividends Receivable, and Account 7310, Dividend Income.)
(b) Declines in value of investments accounted for under the cost method shall be charged to Account 4540, Other Capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.
(c) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, advances to affiliates, and long-term debt. Further, the company's records shall identify the securities pledged as collateral for any of the company's long-term debt or short-term loans or to secure performance of contracts.
(d) This account shall also include advances represented by book accounts only with respect to which it is carried

§ 32.1350 Other current assets.

This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1330.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1350 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1350 Other current assets.

This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1280.

§ 32.1401 Investments in affiliated companies.

(a) This account shall include the acquisition cost of the company's investment in equity or other securities issued or assumed by affiliated companies, other than securities held in special funds which shall be charged to Account 1408, Sinking Funds. The carrying value of the investment (securities) accounted for on the equity method shall be adjusted to recognize the company's share of the earnings or losses and dividends received or receivable of the affiliated company from the date of acquisition. (Note also Account 1210, Interest and Dividends Receivable, and Account 7310, Dividend Income.)

(b) Declines in value of investments accounted for under the cost method shall be charged to Account 4540, Other Capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.

(c) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, advances to affiliates, and long-term debt. Further, the company's records shall identify the securities pledged as collateral for any of the company's long-term debt or short-term loans or to secure performance of contracts.

(d) This account shall also include advances represented by book accounts only with respect to which it is carried

or intended that they shall be either settled by issuance of capital stock or debt; or shall not be subject to current cost settlement.

(e) Amounts due from affiliated companies which are subject to current settlement shall be included in Account 1180, Telecommunications Accounts Receivable, Account 1190, Other Accounts Receivable, or Account 1200, Notes Receivable, as appropriate.

(f) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to the equity method and the cost method. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1401 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§32.1402 Investments in nonaffiliated companies.

(a) This account shall include the acquisition cost of the Company's investment in securities issued or assumed by nonaffiliated companies and individuals, other than securities held in special funds which shall be charged to Account 1408, Sinking Funds, and also its investment advances to such parties and special deposits of cash for more than one year from date of deposit.

(b) Declines in value of investments shall be charged to Account 4540, Other Capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.

(c) This account shall also include advances represented by book accounts only with respect to which it is agreed or intended that they shall be either settled by issuance of capital stock or debt; or shall not be subject to current cost settlement.

(d) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, long-term debt, investment advances and special deposits of cash for more than one year from the date of deposit. Further, the company's record shall identify the securities pledged as collateral for any of the company's long-term debt or short-

term loans or to secure performance of contracts.

(e) Amounts due from nonaffiliated companies which are subject to current settlement shall be included in Account 1180, Telecommunications Accounts Receivable, Account 1190, Other Accounts Receivable, or Account 1200, Notes Receivable, as appropriate.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1402 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§32.1406 Nonregulated investments.

(a) This account shall include the carrier's investment in nonregulated activities accounted for in a separate set of books, as provided in §32.23(b).

(b) This account shall be subdivided as follows:

- 1406.1 Permanent investment.
- 1406.2 Receivable/payable.
- 1406.3 Current net income or loss.

[52 FR 6561, Mar. 4, 1987; 52 FR 39535, Oct. 22, 1987]

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, §32.1406 was amended by removing paragraph (b) and designating paragraph (a) as an undesignated paragraph, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§32.1407 Unamortized debt issuance expense.

(a) This account shall include the total unamortized balance of debt issuance expense for all classes of outstanding long-term debt. Amounts included in this account shall be amortized monthly and charged to account 7530, Amortization of Debt Issuance Expense.

(b) Debt Issuance expense includes all expenses in connection with the issuance and sale of evidence of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; costs of engraving and printing bonds, certificates of indebtedness, and other commercial paper; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen; fees and expenses of listing on exchanges, and other like costs.

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(c) A subsidiary record shall be kept of each issue outstanding.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1407 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1408 Sinking funds.

(a) This account shall include the amount of cash and other assets which are held by trustees or by the company's treasurer in a distinct fund, for the purpose of redeeming outstanding obligations.

(b) Interest or other income arising from funds carried in this account shall generally be charged to this account.

(c) A subsidiary record shall be kept for each sinking fund which shall designate the obligation in support of which the fund was created.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1408 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1410 Other noncurrent assets.

This account shall include the amount of all noncurrent assets which are not includable in Accounts 1401 through 1408.

EFFECTIVE DATE NOTE: At 67 FR 5682, Feb. 6, 2002, § 32.1410 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1410 Other noncurrent assets.

(a) This account shall include the acquisition cost of the company's investment in equity or other securities issued or assumed by affiliated companies, including securities held in special funds (sinking funds). The carrying value of the investment (securities) accounted for on the equity method shall be adjusted to recognize the company's share of the earnings or losses and dividends received or receivable of the affiliated company from the date of acquisition. (Note also Account 1170, Receivables, and Account 7300, Nonoperating income and expense.)

(b) This account shall include the acquisition cost of the Company's investment in securities issued or assumed by nonaffiliated companies and individuals, and also its investment advances to such parties and special deposits of cash for more than one year from date of deposit.

(c) Declines in value of investments, including those accounted for under the cost method, shall be charged to Account 4540,

Other capital, if temporary and as a current period loss if permanent. Detail records shall be maintained to reflect unrealized losses for each investment.

(d) This account shall also include advances represented by book accounts only with respect to which it is agreed or intended that they shall be either settled by issuance of capital stock or debt; or shall not be subject to current cost settlement.

(e) Amounts due from affiliated and non-affiliated companies which are subject to current settlement shall be included in Account 1170, Receivables.

(f) This account shall include the total unamortized balance of debt issuance expense for all classes of outstanding long-term debt. Amounts included in this account shall be amortized monthly and charged to account 7500, Interest and related items.

(g) Debt Issuance expense includes all expenses in connection with the issuance and sale of evidence of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; costs of engraving and printing bonds, certificates of indebtedness, and other commercial paper; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen; fees and expenses of listing on exchanges, and other like costs. A subsidiary record shall be kept of each issue outstanding.

(h) This account shall include the amount of cash and other assets which are held by trustees or by the company's treasurer in a distinct fund, for the purpose of redeeming outstanding obligations. Interest or other income arising from funds carried in this account shall generally be charged to this account. A subsidiary record shall be kept for each sinking fund which shall designate the obligation in support of which the fund was created.

(i) This account shall include the amount of all noncurrent assets which are not includable in paragraphs (a) through (h) of this section.

(j) A subsidiary record shall be kept identifying separately common stocks, preferred stocks, long-term debt, advances to affiliates, and investment advances. A subsidiary record shall also be kept identifying special deposits of cash for more than one year from the date of deposit. Further, the company's record shall identify the securities pledged as collateral for any of the company's long-term debt or short-term loans or to secure performance of contracts.

(k) Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to the equity method and the cost method. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

§ 32.1437

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§ 32.1437 Deferred tax regulatory asset.

(a) This account shall include amounts of probable future revenue for the recovery of future increases in taxes payable. As reversals occur, amounts recorded in this account shall be reduced with a credit entry and a debit entry to Account 4341, Net Deferred Tax Liability Adjustments.

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance. If the cumulative effect of such adjustments reduce the account to a net credit balance, such balance shall be reclassified to Account 4361.

[59 FR 9418, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5683, Feb. 6, 2002, § 32.1437 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.1438 Deferred maintenance and retirements.

(a) This account shall include such items as the unprovided-for loss in service value of telecommunications plant for extraordinary nonrecurring retirement not considered in depreciation and the cost of extensive replacements of plant normally chargeable to the current period Plant Specific Operations Expense accounts.

(b) Charges provided for in paragraph (a) of this section shall be included in this account only upon direction or approval from this Commission. However, the company's application to this Commission for such approval shall give full particulars concerning the property retired, the extensive replacements, the amount chargeable to operating expenses and the period over which in its judgment the amount of such charges should be distributed.

EFFECTIVE DATE NOTE: At 67 FR 5683, Feb. 6, 2002, § 32.1438 was amended by revising paragraph (a), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.1438 Deferred maintenance, retirements and other deferred charges.

(a) This account shall include such items as:

(1) The unprovided-for loss in service value of telecommunications plant for extraordinary nonrecurring retirement not considered in depreciation and the cost of extensive replacements of plant normally chargeable to the current period Plant Specific Operations Expense accounts. These charges shall be included in this account only upon direction or approval from this Commission. However, the company's application to this Commission for such approval shall give full particulars concerning the property retired, the extensive replacements, the amount chargeable to operating expenses and the period over which in its judgment the amount of such charges should be distributed.

(2) Unaudited amounts and other debit balances in suspense that cannot be cleared and disposed of until additional information is received; the amount, pending determination of loss, of funds on deposit with banks which have failed; revenue, expense, and income items held in suspense; amounts paid for options pending final disposition.

(3) Cost of preliminary surveys, plans, investigation, etc., made for construction projects under contemplation. If the projects are carried out, the preliminary costs shall be included in the cost of the plant constructed. If the projects are abandoned, the preliminary costs shall be charged to Account 7300, Nonoperating income and expense.

(4) Cost of evaluations, inventories, and appraisals taken in connection with the acquisition or sale of property. If the property is subsequently acquired, the preliminary costs shall be accounted for as a part of the cost of acquisition, or if it is sold, such costs shall be deducted from the sale price in accounting for the property sold. If purchases or sales are abandoned, the preliminary costs included herein (including options paid, if any) shall be charged to Account 7300.

* * * * *

§ 32.1439 Deferred charges.

(a) This account shall include all deferred charges not provided for in Accounts 1438, Deferred Maintenance and Retirements, and 1500, Other Jurisdictional Assets—Net. Such charges include unaudited amounts and other debit balances in suspense that cannot be cleared and disposed of until additional information is received; the amount, pending determination of loss, of funds on deposit with banks which

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(b) This account shall include the
cost of preliminary surveys, plans, in-
vestigation, etc., made for construction
projects under contemplation. If the
projects are carried out, the prelimi-
nary costs shall be included in the cost
of the plant constructed. If the projects
are abandoned, the preliminary costs
shall be charged to Account 7370, Spe-
cial Charges.

(c) This account shall include also
the cost of evaluations, inventories,
and appraisals taken in connection
with the acquisition or sale of prop-
erty. If the property is subsequently
acquired, the preliminary costs shall be
accounted for as a part of the cost of
acquisition, or if it is sold, such costs
shall be deducted from the sale price in
accounting for the property sold. If
purchases or sales are abandoned, the
preliminary costs included herein (in-
cluding options paid, if any) shall be
charged to Account 7370.

EFFECTIVE DATE NOTE: At 67 FR 5683, Feb.
6, 2002, §32.1439 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

**§32.1500 Other jurisdictional assets—
net.**

This account shall include the cumu-
lative impact on assets of jurisdic-
tional ratemaking practices which
vary from those of this Commission.
All entries recorded in this account
shall be recorded net of any applicable
income tax effects and shall be sup-
ported by subsidiary records where nec-
essary as provided for in §32.13(e) of
subpart B.

**§32.2000 Instructions for tele-
communications plant accounts.**

(a) Purpose of telecommunications plant
accounts. (1) The telecommunications
plant accounts (2001 to 2007 inclusive)
are designed to show the investment in
the company's tangible and intangible
telecommunications plant which ordi-
narily has a service life of more than
one year, including such plant whether
used by the company or others in pro-
viding telecommunications service.

(2) The telecommunications plant ac-
counts shall not include the cost or
other value of telecommunications
plant contributed to the company. Con-
tributions in the form of money or its
equivalent toward the construction of
telecommunications plant shall be
credited to the accounts charged with
the cost of such construction. Amounts
of non-recurring reimbursements based
on the cost of plant or equipment fur-
nished in rendering service to a cus-
tomer shall be credited to the accounts
charged with the cost of the plant or
equipment. Amounts received for con-
struction which are ultimately to be
repaid wholly or in part, shall be cred-
ited to Account 4360, Other Deferred
Credits; when final determination has
been made as to the amount to be re-
turned, any unrefunded amounts shall
be credited to the accounts charged
with the cost of such construction.
Amounts received for the construction
of plant, the ownership of which rests
with or will revert to others, shall be
credited to the accounts charged with
the cost of such construction. (Note
also Account 7110, Income from Custom
Work.)

(3) When telecommunications plant
ordinarily having a service life of more
than one year is installed for tem-
porary use in providing telecommuni-
cations service, it shall be accounted
for in the same manner as plant having
a service life of more than one year.
This includes temporary installations
of plant (such as poles, wire and cable)
installed to maintain service during
the progress of highway reconstruction
or during interruptions due to storms
or other casualties, equipment used for
the training of operators, equipment
used to provide intercepting positions
in central offices to handle traffic for a
short period following extensive sys-
tem changes and similar installations
of property used to provide tele-
communications service.

(4) The cost of the individual items of
equipment, classifiable to Accounts
2112, Motor vehicles; 2113, Aircraft;
2114, Special purpose vehicles; 2115, Ga-
rage work equipment; 2116, Other work
equipment; 2122, Furniture; 2123, Office
equipment; 2124, General purpose com-
puters, costing \$2,000 or less or having
a life of less than one year shall be

charged to the applicable expense accounts, except for personal computers falling within Account 2124. Personal computers classifiable to Account 2124, with a total cost for all components of \$500 or less, shall be charged to the applicable Plant Specific Operations Expense accounts. If the aggregate investment in the items is relatively large at the time of acquisition, such amounts shall be maintained in an applicable material and supplies account until items are used.

(b) *Telecommunications plant acquired.*

(1) Property, plant and equipment acquired from an entity, whether or not affiliated with the accounting company, shall be accounted for at original cost, except that property, plant and equipment acquired from a non-affiliated entity shall be accounted for at acquisition cost if the purchase price is less than \$100,000 for Class A companies or \$25,000 for Class B companies.

(2) The accounting for property, plant and equipment to be recorded at original cost shall be as follows:

(i) The amount of money paid (or current money value of any consideration other than money exchanged) for the property (together with preliminary expenses incurred in connection with the acquisition) shall be charged to Account 1439, Deferred Charges.

(ii) The original cost, estimated if not known, of telecommunications plant, governmental franchises and other similar rights acquired shall be charged to the applicable telecommunications plant accounts, Telecommunications Plant Under Construction, and Property Held For Future Telecommunications Use, as appropriate, and credited to Account 1439. When the actual original cost cannot be determined and estimates are used, the company shall be prepared to furnish the Commission with the particulars of such estimates.

(iii) Depreciation and amortization of plant acquired shall be credited to Account 3100, Accumulated Depreciation, or Account 3200, Accumulated Depreciation—Held for Future Telecommunications Use, 3400, Accumulated Amortization—Tangible, 3410, Accumulated Amortization—Capitalized Leases, 3420, Accumulated Amortization—Leasehold

Improvements, 3500, Accumulated Amortization—Intangibles, and 3600, Accumulated Amortization—Other, and debited to Account 1439.

(iv) Any amount remaining in Account 1439, applicable to the plant acquired, shall, upon completion of the entries provided in paragraphs (b)(2)(i), (ii) and (iii) of this section, be debited or credited, as applicable, to Account 2007, Goodwill, or to Account 2005, Telecommunications Plant Adjustment, as appropriate.

(3) A memorandum record shall be kept showing the amount of contributions in aid of construction applicable to the property acquired as shown by the accounts of the previous owner.

(c) *Cost of construction.* (1) Telecommunications plant represents an economic resource which will be used to provide future services, the cost of which will be allocated in a rational and systematic manner to the future periods in which it provides benefits. In accounting for construction costs, the utility shall charge to the telecommunications plant accounts, where applicable, all direct and indirect costs.

(2) Direct and indirect costs shall include, but not be limited to:

(i) "Labor" includes the wages and expenses of employees directly engaged in or in direct charge of construction work. It includes expenses directly related to an employee's wages, such as worker's compensation insurance, payroll taxes, benefits and other similar items of expense.

(ii) "Engineering" includes the portion of the wages and expenses of engineers, draftsmen, inspectors, and their direct supervision applicable to construction work. It includes expenses directly related to an employee's wages, such as worker's compensation insurance, payroll taxes, benefits and other similar items of expense.

(iii) "Material and supplies" includes the purchase price of material used at the point of free delivery plus the costs of inspection, loading and transportation, and an equitable portion of provisioning expense. In determining the cost of material used, proper allowance shall be made for unused material, for material recovered from temporary structures used in performing the work

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involved, and for discounts allowed and realized in the purchase of material. This item does not include construction material that is stolen or rendered unusable due to vandalism. Such material should be charged to the applicable plant specific operations expense accounts.

(iv) "Transportation" includes the cost of transporting employees, material and supplies, tools and other work equipment to and from the physical construction location. It includes amounts paid therefor to other companies or individuals and the cost of using the company's own motor vehicles or other transportation equipment.

(v) "Contract work" includes amounts paid for work performed under contract or other agreement by other companies firms or individuals; engineering and supervision applicable to such work; cost incident to the award of contracts; and the inspection of such work. The cost of construction work performed by affiliated companies and other details relating thereto shall be available from the work in progress and supporting records.

(vi) "Protection" includes the cost of protecting the company's property from fire or other casualties and the cost of preventing damages to others or the property of others.

(vii) "Privileges, Permits, and Rights of way" includes such costs incurred in obtaining these privileges, permits, or rights of way in connection with construction work, such as for use of private property, streets or highways. The cost of such privileges and permits shall be included in the cost of the work for which the privileges or permits are obtained, except for costs includable in Account 2111, Land, and Account 2690, Intangibles.

(viii) "Taxes" includes taxes properly includable in construction costs before the facilities are completed for service, which taxes are assessed separately from taxes on operating property or under conditions that permit separate identification of the amount chargeable to construction.

(ix) "Special machine service" includes the cost of labor expended, materials and supplies consumed and other expenses incurred in the mainte-

nance, operation and use of special and other labor saving machines (other than transportation equipment (such as trenching equipment, cable plows and pole setting trucks. Also included are expenditures for rental, maintenance and operation of such machines owned by others. When a construction job requires the purchase of special machines, the cost thereof, less the appraised or salvage value at the time of release from the job, shall be included in the cost of construction.

(x) Allowance for funds used during construction ("AFUDC") provides for the cost of financing the construction of telecommunications plant. AFUDC shall be charged to Account 2003, Telecommunications Plant Under Construction, and credited to Account 7340. The rate for calculating AFUDC shall be determined as follows: If financing plans associate a specific new borrowing with an asset, the rate on that borrowing may be used for the asset; if no specific new borrowing is associated with an asset or if the average accumulated expenditures for the asset exceed the amounts of specific new borrowing associated with it, the capitalization rate to be applied to such excess shall be weighted average of the rates applicable to other borrowing of the enterprise. The amount of interest cost capitalized in an accounting period shall not exceed the total amount of interest cost incurred by the company in that period.

(xi) "Insurance" includes premiums paid specifically for protection against loss and damage in connection with the construction of telecommunications plant due to fire or other casualty, injury to or death of employees or others, damages to property of others, defalcations of employees and agents and the non-performance of contractual obligations of others.

(xii) "Construction services" include the cost of telephone, electricity, power, construction quarters, office space and equipment directly related to the construction project.

(xiii) "Indirect construction costs" shall include indirect costs such as general engineering, supervision and support. Such costs, in addition to direct supervision, shall include indirect

plant operations and engineering supervision up to, but not including, supervision by executive officers whose pay and expenses are chargeable to Account 6711, Executive. The records supporting the entries for indirect construction costs shall be kept so as to show the nature of the expenditures, the individual jobs and accounts charged, and the bases of the distribution. The amounts charged to each plant account for indirect costs shall be readily determinable. The instructions contained herein shall not be interpreted as permitting the addition to plant of amounts to cover indirect costs based on arbitrary allocations.

(xiv) The cost of construction shall not include any amounts classifiable as Corporate Operations Expense.

(d) *Telecommunications plant retired.*

(1) Telecommunications plant accounts shall at all times disclose the original cost of all property in service. When any item of property subject to plant retirement accounting is worn out, lost, sold, destroyed, abandoned, surrendered upon lapse of title, becomes permanently unserviceable, is withdrawn or for any other reason is retired from service, the plant accounts applicable to that item shall be credited with the original cost of the plant retired whether replaced or not (except as provided for minor items in paragraph (d)(2)(ii) of this section). Normally, these retirement credits with respect to such plant as entire buildings, entire central offices, all plant abandoned and any large sections of plant withdrawn from service, shall be entered in the accounts for the month in which use of the property ceased. For any other plant withdrawn from service, the retirement credits shall be entered no later than the next succeeding month. Literal compliance with the provision for timing of entries with respect to property amounting to less than \$50,000 retired under any one project is not required if an unreasonable amount of recordkeeping and estimating of quantities, original costs and salvage is necessary. The retirement entry shall refer to the continuing property record, or records supplemental thereto, from which the cost was obtained (note also paragraph (d)(3) of this section). Every company

shall establish procedures which will ensure compliance with these requirements.

(2) To avoid undue refinement, depreciable telecommunications plant shall be accounted for as follows:

(i) Retirement units: This group includes major items of property, a representative list of which shall be prescribed by this Commission. In lieu of the retirement units prescribed with respect to a particular account, a company may, after obtaining specific approval by this Commission, establish and maintain its own list of retirement units for a portion or all of the plant in any such account. For items included on the retirement units list, the original cost of any such items retired shall be credited to the plant account and charged to Account 3100, Accumulated Depreciation, whether or not replaced. The original cost of retirement units installed in place of property retired shall be charged to the applicable telecommunications plant account.

(ii) Minor items: This group includes any part or element of plant which is not designated as a retirement unit. The original cost of a minor item of property when included in the specific or average cost for a retirement unit or units requires no separate credit to the telecommunications plant account when such a minor item is retired. The cost of replacement shall be charged to the account applicable for the cost of repairs of the property. However, if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, of greater durability, of greater capacity or more economical in operation), the excess cost of such a replacement, over the estimated cost at the then current prices of replacement without betterment of the minor items being retired, shall be charged to the applicable telecommunications plant account.

(3) The cost of property to be retired shall be the amount at which property is included in the telecommunications plant accounts. However, when it is impracticable to determine the cost of each item due to the relatively large number or small cost of such items, the average cost of all the items covered by

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an appropriate subdivision of the account shall be used in determining the cost to be assigned to such items when retired. The method used in determining average cost must give due regard to the quantity, vintage, size and kind of items, the area in which they were installed and their classification in other respects. Average cost may be applied in retirement of such items as poles, wire, cable, cable terminals, conduit and booths. Any company may use average cost of property installed in a year or band of years as approved by the Commission. It should be understood, however, that the use of average costs shall not relieve the company of the requirement for maintaining its continuing property records to show, where practicable, dates of installation and removal for purposes of mortality studies. (See §32.2000(f) of this subpart, Standard Practices for Establishing and Maintaining Continuing Property Records.)

(4) The accounting for the retirement of property, plant and equipment shall be as provided above except:

(i) Amounts included in Account 2005, Telecommunications Plant Adjustment; Account 2680, Amortizable Tangible Assets; Account 2681, Capital Leases; Account 2682, Leasehold Improvements; Account 2690, Intangibles; and any amounts associated with amortizable leaseholds, easements, and similar rights in land included in Account 2111, Land, shall be debited, as appropriate, to Account 3400, 3410, 3420, 3500, or 3600, and credited to the applicable accounts.

(ii) Amounts in Account 2111, Land, and amounts for works of art recorded in Account 2122, Furniture, shall be treated at disposition as a gain or loss and shall be credited or debited to Account 7150, Gains and Losses from Disposition of Land and Artwork, as applicable. If land or artwork is retained by the company and held for sale, the cost shall be charged to Account 2006, Non-operating Plant.

(5) When the telecommunications plant is sold together with traffic associated therewith, the original cost of the property shall be credited to the applicable plant accounts and the estimated amounts carried with respect thereto in the accumulated deprecia-

tion and amortization accounts shall be charged to such accumulated accounts. The difference, if any, between the net amount of such debit and credit items and the consideration received (less commissions and other expenses of making the sale) for the property shall be included in Account 7350, Gains and Losses from Disposition of Certain Property. The accounting for depreciable telecommunications plant sold without the traffic associated therewith shall be in accordance with the accounting provided in §32.3100(c) of this subpart.

(e) *Basic property records.* (1) The basic property records are that portion of the total property accounting system which preserves the following detailed information:

(i) The identity, vintage, location and original cost of units of property;

(ii) Original and ongoing transactional data (plant account activity) in terms of such units; and

(iii) Any other specific financial and cost accounting information not properly warranting separate disclosure as an account or subaccount but which is needed to support regulatory, cost, tax, management and other specific accounting information needs and requirements.

(2) The basic property records must be: (i) Subject to internal accounting controls, (ii) auditable, (iii) equal in the aggregate to the total investment reflected in the financial property control accounts as well as the total of the cost allocations supporting the determination of cost-of-service at any particular point in time, and (iv) maintained throughout the life of the property.

(3) The basic property records shall consist of (i) continuing property records and (ii) records supplemental thereto which together reveal clearly, by accounting area, the detailed and systematically summarized information necessary to meet fully the requirements of paragraphs (e)(1) and (e)(2) of this section.

(4) Companies shall establish and maintain basic property records for each class of property recorded in the several plant accounts which comprise

the balance sheet Account 2001, Telecommunications Plant In Service, Account 2002, Property Held for Future Telecommunications Use, and Account 2006, Nonoperating Plant.

(5) The company shall notify the Commission of a plan for the basic property record as follows:

(i) Not later than June 30 of the year following that in which it becomes subject to this system of accounts, the company shall file with the Commission two (2) copies of a complete plan of the method to be used in the compilation of a basic property record with respect to each class of property. The plan shall include a list of proposed accounting areas accompanied by description of the boundaries of each area as defined in accordance with the requirements of § 32.2000(f)(1) (i) and (ii) of this subpart. The plan shall also include a list of property record units proposed for use under each regulated plant account. These property record units shall be selected such that the requirements of § 32.2000(f)(2) (i), (ii) and (iii) of this subpart can be satisfied.

(ii) The company shall submit to the Commission one copy of any major proposed changes in its basic property record plan at least 30 days before the effective date of the proposed changes.

(6) The company shall prepare and maintain the basic property record as follows:

(i) Not later than June 30 of the year following that in which the company becomes subject to this system of accounts, begin the preparation of a basic property record.

(ii) Complete within two years of the prescribed beginning date, basic property records for all property as of the end of the preceding calendar year.

(iii) Promptly process in the basic property records all property changes affecting periods subsequent to initial establishment of the basic property record.

(7) The basic property record components (see paragraph (c) of this section) shall be arranged in conformity with the regulated plant accounts prescribed in this section of accounts as follows:

(i) The continuing property records shall be compiled on the basis of original cost (or other book cost consistent with this system of accounts). The con-

tinuing property records shall be maintained as prescribed in § 32.2000(f)(2)(iii) of this subpart in such manner as will meet the following basic objectives:

(A) Provide for the verification of property record units by physical examination.

(B) Provide for accurate accounting for retirements.

(C) Provide data for use in connection with depreciation studies.

(ii) The records supplemental to the continuing property records shall disclose such service designations, usage measurement criteria, apportionment factors, or other data as may be prescribed by the Commission in this part or other parts of its Rules and Regulations. Such data are subject to the same general controls and standards for auditability and support as are all other elements of the basic property records.

(f) *Standard practices for establishing and maintaining continuing property records*—(1) *Accounting area.* (i) The continuing property record, as related to each primary plant account, shall be established and maintained by sub-accounts for each accounting area. An accounting area is the smallest territory of the company for which accounting records of investment are maintained for all plant accounts within the area. Areas already established for administrative, accounting, valuation, or other purposes may be adopted for this purpose when appropriate. In no case shall the boundaries of accounting areas cross either State lines or boundaries prescribed by the Commission.

(ii) In determining the limit of each area, consideration shall be given to the quantities of property, construction conditions, operating districts, county and township lines, taxing district boundaries, city limits, and other political or geographical limits, in order that the area adopted may have maximum adaptability, within the confines of practicability, for both the company's purpose and those of Federal, State, and municipal authorities.

(2) *Property record units.* (i) In each of the established accounting areas, the "property record units" which are to be maintained in the continuing property record shall be set forth separately, classified by size and type with

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the amount of original cost (or other appropriate book cost) associated with such units. When a list of property record units has been accepted by the Commission, they shall become the units referred to in this statement of standard practices. Such units shall apply to only the regulated portion of this system of accounts.

(ii) When it is found necessary to revise this list because of the addition of units used in providing new types of service, or new units resulting from improvements in technology, or because of the grouping or elimination of units which no longer merit separate recognition as property record units, one copy of such changes shall be submitted to the Commission. Upon appropriate showing by the company, the Commission may specifically exempt the company from these filing requirements.

(iii) The continuing property record shall reveal the description, location, date of placement, the essential details of construction, and the original cost (note also §32.2000(f)(3) of this subpart) of the property record units. The continuing property record and other underlying records of construction costs shall be so maintained that, upon retirement of one or more retirement units or of minor items without replacement when not included in the costs of retirement units, the actual cost or a reasonably accurate estimate of the cost of the plant retired can be determined.

(3) *Methods of determining original cost of property record units.* The original cost of the property record units shall be determined by analyses of the construction costs incurred as shown by completion reports and other data, accumulated in the respective construction work orders or authorizations. Costs shall be allocated to and associated with the property record units to facilitate accounting for retirements. The original cost of property record units shall be determined by unit identification or averaging as described in paragraphs (f)(3) (i) and (ii) of this section.

(i) *Unit identification.* Cost shall be identified and maintained by specific location for property record units contained within certain regulated plant

accounts or account groupings such as Land, Buildings, Central Office Assets, Motor Vehicles, Garage Work Equipment, and Furniture. In addition, units involved in any unusual or special type of construction shall be recorded by their specific location costs (note also §32.2000(f)(3)(ii)(B) of this subpart.

(ii) *Averaging.* (A) Average costs may be developed for plant consisting of a large number of similar units such as terminal equipment, poles, wire, cable, cable terminals, conduit, furniture, and work equipment. Units of similar size and type within each specified accounting area and regulated plant account may be grouped. Each such average cost shall be set forth in the continuing property record of the units with which it is associated.

(B) The averaging of costs permitted under the provisions of the foregoing paragraph is restricted to plant installed in a particular vintage or band of years incurred within an accounting area. This paragraph does not permit the inclusion of the cost of units involved in any unusual or special type of construction. The units involved in such unusual or special type of construction shall be recorded at cost by location.

(4) *Estimates.* In cases where the actual original cost of property cannot be ascertained, such as pricing an inventory for the initial entry of a continuing property record or the pricing of an acquisition for which a continuing property record has not been maintained, the original cost may be estimated. Any estimated original cost shall be consistent with the accounting practices in effect at the time the property was constructed.

(5) *Identification of property record units.* There shall be shown in the continuing property record or in record supplements thereof, a complete description of the property records units in such detail as to identify such units. The description shall include the identification of the work order under which constructed, the year of installation (unless not determinable per §32.2000(f)(4) of this subpart, specific location of the property within each accounting area in such manner that it can be readily spot-checked for proof of physical existence, the accounting

company's number or designation, and any other description used in connection with the determination of the original cost. Descriptions of units of similar size and type shall follow prescribed groupings.

(6) *Reinstalled units.* When units to which average costs are not applied, i.e., specific and fixed location units, are removed or retired and subsequently reinstalled, the date when the unit was first charged to the appropriate plant account shall, when required for adequate service life studies and reasonably accurate retirement accounting, be shown in addition to the date of reinstallation.

(7) *Age and service life of property.* The continuing property record shall disclose the age of existing property and the supporting records shall disclose the service life of property retired. Exceptions from this requirement for any property record unit shall be submitted to the Commission for approval.

(8) *Reference to sources of information.* There shall be shown by appropriate reference the source of all entries. All drawings, computations, and other detailed records which support quantities and costs or estimated costs shall be retained as a part of or in support of the continuing property record.

(9) *Jointly owned property.* (i) With respect to jointly owned property, there shall be shown in the continuing property record or records supplemental thereto:

(A) The identity of all joint owners.

(B) The percentage owned by the accounting company.

(ii) When regulated plant is constructed under arrangements for joint ownership, the amount received by the constructing company from the other joint owner or owners shall be credited as a reduction of the gross cost of the plant in place.

(iii) When a sale of a part interest in regulated plant is made, the fractional interest sold shall be treated as a retirement and the amount received shall be treated as salvage. The continuing property record or records supplemental thereto shall be so maintained as to identify separately retirements of this nature from physical retirements of jointly owned plant.

(iv) If jointly owned regulated property is substantial in relation to the total of the same kind of regulated property owned wholly by the company, such jointly owned regulated property shall be appropriately segregated in the continuing property record.

(g) *Depreciation accounting—(1) Computation of depreciation rates.* (i) Unless otherwise provided by the Commission, either through prior approval or upon prescription by the Commission, depreciation percentage rates shall be computed in conformity with a group plan of accounting for depreciation and shall be such that the loss in service value of the property, except for losses excluded under the definition of depreciation, may be distributed under the straight-line method during the service life of the property.

(ii) In the event any composite percentage rate becomes no longer applicable, revised composite percentage rates shall be computed in accordance with paragraph (g)(1)(i) of this section.

(iii) The company shall keep such records of property and property retirements as will allow the determination of the service life of property which has been retired, or facilitate the determination of service life indications by mortality, turnover, or other appropriate methods. Such records will also allow the determination of the percentage of salvage value and cost of removal for property retired from each class of depreciable plant.

(2) *Depreciation charges.* (1) A separate annual percentage rate for each depreciation category of telecommunications plant shall be used in computing depreciation charges.

(ii) Companies, upon receiving prior approval from this Commission, or, upon prescription by this Commission, shall apply such depreciation rate, except where provisions of paragraph (g)(2)(iv) of this section apply, as will ratably distribute on a straight line basis the difference between the net book cost of a class or subclass of plant and its estimated net salvage during the known or estimated remaining service life of the plant.

(iii) Charges for currently accruing depreciation shall be made monthly to the appropriate depreciation accounts.

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and corresponding credits shall be made to the appropriate depreciation reserve accounts. Current monthly charges shall normally be computed by the application of one-twelfth of the annual depreciation rate to the monthly average balance of the associated category of plant. The average monthly balance shall be computed using the balance as of the first and last days of the current month.

(iv) In certain circumstances and upon prior approval of this Commission, monthly charges may be determined in total or in part through the use of other methods whereby selected plant balances or portions thereof are ratably distributed over periods prescribed by this Commission. Such circumstances could include but not be limited to factors such as the existence of reserve deficiencies or surpluses, types of plant that will be completely retired in the near future, and changes in the accounting for plant. Where alternative methods have been used in accordance with this subparagraph, such amounts shall be applied separately or in combination with rates determined in accordance with paragraph (g)(2)(ii) of this section.

(3) *Acquired depreciable plant.* When acquired depreciable plant carried in Account 1439, Deferred Charges, is distributed to the appropriate plant accounts, adjusting entries shall be made covering the depreciation charges applicable to such plant for the period during which it was carried in Account 1439.

(4) *Plant Retired for Nonrecurring Factors not Recognized in Depreciation Rates.*

(i) A retirement will be considered as nonrecurring (extraordinary) only if the following criteria are met:

(A) The impending retirement was not adequately considered in setting past depreciation rates.

(B) The charging of the retirement against the reserve will unduly deplete that reserve.

(C) The retirement is unusual such that similar retirements are not likely to recur in the future.

(5) Upon direction or approval from this Commission, the company shall credit Account 3100, Accumulated De-

preciation, and charge Account 1438, Deferred Maintenance and Retirements, with the unprovided-for loss in service value. Such amounts shall be distributed from Account 1438 to Account 6561, Depreciation Expense—Telecommunications Plant in Service, or Account 6562, Depreciation Expense—Property Held for Future Telecommunications Use, over such period as this Commission may direct or approve.

(h) *Amortization accounting.* (1) Unless otherwise provided by this Commission, either through approval, or upon prescription by this Commission, amortization shall be computed on the straight-line method, i.e., equal annual amounts shall be applied. The cost of each type asset shall be amortized on the basis the estimated life of that asset and shall not be written off in the accounting period in which the asset is acquired. A reasonable estimate of the useful life may be based on the upper or lower limits even though a fixed existence is not determinable. However, the period of amortization shall not exceed forty years.

(2) In the event any estimated useful life becomes no longer applicable, a revised estimated useful life shall be determined in accordance with paragraph (h)(1) of this section.

(3) Amortization charges shall be made monthly to the appropriate amortization expense accounts and corresponding credits shall be made to the appropriate amortization reserve accounts. Monthly charges shall be computed by the application of one-twelfth to the annual amortization amount.

(4) The company shall keep such records as will allow the determination of the useful life of the asset.

(i) *Accounting for software.* The original cost of initial operating system software for computers shall be classified to the same account as the associated hardware whether acquired separately or in conjunction with the associated hardware.

(j) Plant Accounts to be Maintained by Class A and Class B telephone companies as indicated:

§ 32.2000

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Account title	Class A account	Class B account
REGULATED PLANT		
Property, plant and equipment:		
Telecommunications plant in service	12001	12001
Property held for future telecommunications use	2002	2002
Telecommunications plant under construction—short term	2003	2003
Telecommunications plant under construction—long term	2004	2004
Telecommunications plant adjustment	2005	2005
Nonoperating plant	2006	2006
Goodwill	2007	2007
TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)		
TPIS—General support assets:		
Land and support assets		2110
Land	2111	
Motor vehicles	2112	
Aircraft	2113	
Tools and other work equipment	2114	
Buildings	2121	
Furniture	2122	
Office equipment	2123	
General purpose computers	2124	
TPIS—Central Office assets:		
Central Office—Switching		2210
Analog electronic switching	2211	
Digital electronic switching	2212	
Electro-mechanical switching	2215	
Operator systems	2220	2220
Central Office—Transmission		2230
Radio systems	2231	
Circuit equipment	2232	
TPIS—Information origination/termination assets:		
Information origination/termination		2310
Station apparatus	2311	
Customer premises wiring	2321	
Large private branch exchanges	2341	
Public telephone terminal equipment	2351	
Other terminal equipment	2362	
TPIS—Cable and wire facilities assets:		
Cable and wire facilities		2410
Poles	2411	
Aerial cable	2421	
Underground cable	2422	
Buried cable	2423	
Submarine cable	2424	
Deep Sea cable	2425	
Intrabuilding network cable	2426	
Aerial wire	2431	
Conduit systems	2441	
TPIS—Amortizable assets:		
Amortizable tangible assets		2680
Capital leases	2681	
Leasehold improvements	2682	
Intangibles	2690	2690

¹ Balance sheet summary account only.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 7580, Mar. 12, 1987; 53 FR 30059, Aug. 10, 1988; 59 FR 46930, Sept. 13, 1994; 60 FR 12138, Mar. 6, 1995; 62 FR 39451, July 23, 1997; 64 FR 50007, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 64 FR 50007, Sept. 15, 1999, § 32.2000 was amended by re-

moving paragraph (b)(4). This section contains information collection requirements and will not become effective until approved by the Office of Management and Budget.

EFFECTIVE DATE NOTE: At 67 FR 5683, Feb. 6, 2002, § 32.2000 was amended by revising paragraphs (a)(2), (a)(4), (b)(2)(i), (b)(2)(iii), (b)(2)(iv), (c)(2)(x), (c)(2)(xiii), (d)(2)(i), (d)(4), (d)(5), (f)(3)(i), (g)(3), (g)(5), (h)(3), and (j), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2000 Instructions for telecommunications plant accounts.

(a) * * *

(2) The telecommunications plant accounts shall not include the cost or other value of telecommunications plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of telecommunications plant shall be credited to the accounts charged with the cost of such construction. Amounts of non-recurring reimbursements based on the cost of plant or equipment furnished in rendering service to a customer shall be credited to the accounts charged with the cost of the plant or equipment. Amounts received for construction which are ultimately to be repaid wholly or in part, shall be credited to Account 4300, Other long-term liabilities and deferred credits; when final determination has been made as to the amount to be returned, any unrefunded amounts shall be credited to the accounts charged with the cost of such construction. Amounts received for the construction of plant, the ownership of which rests with or will revert to others, shall be credited to the accounts charged with the cost of such construction. (Note also Account 7100, Other operating income and expense.)

* * * * *

(4) The cost of the individual items of equipment, classifiable to Accounts 2112, Motor vehicles; 2113, Aircraft; 2114, Tools and other work equipment; 2122, Furniture; 2123, Office equipment; 2124, General purpose computers, costing \$2,000 or less or having a life of less than one year shall be charged to the applicable expense accounts, except for personal computers falling within Account 2124. Personal computers classifiable to Account 2124, with a total cost for all components of \$500 or less, shall be charged to the applicable Plant Specific Operations Expense accounts. The cost of tools and test equipment located in the central office, classifiable to central office asset accounts 2210-2232 costing \$2,000 or less or having a life of less than one year shall be charged to the applicable Plant Specific Operations Expense accounts.

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If the aggregate investment in the items is relatively large at the time of acquisition, such amounts shall be maintained in an applicable material and supplies account until items are used.

(b) * * *
(2) * * *

(i) The amount of money paid (or current money value of any consideration other than money exchanged) for the property (together with preliminary expenses incurred in connection the acquisition) shall be charged to Account 1438. Deferred maintenance, retirements, and other deferred charges.

* * * * *

(iii) Accumulated Depreciation and amortization balances related to plant acquired shall be credited to Account 3100, Accumulated depreciation, or Account 3200, Accumulated depreciation—held for future telecommunications use, or Account 3410, Accumulated amortization—capitalized leases and debited to Account 1438. Accumulated amortization balances related to plant acquired which ultimately is recorded in Accounts 2005. Telecommunications plant adjustment, Account 2682, Leasehold improvements, or Account 2690. Intangibles shall be credited to these asset accounts, and debited to Account 1438.

(iv) Any amount remaining in Account 1438, applicable to the plant acquired, shall, upon completion of the entries provided in paragraphs (b)(2)(i) through (b)(2)(iii) of this section, be debited or credited, as applicable, to Account 2007, Goodwill, or to Account 2005. Telecommunications plant adjustment, as appropriate.

* * * * *

(c) * * *
(2) * * *

(x) Allowance for funds used during construction ("AFUDC") provides for the cost of financing the construction of telecommunications plant. AFUDC shall be charged to Account 2003, Telecommunications plant under construction, and credited to Account 7300, Nonoperating income and expense. The rate for calculating AFUDC shall be determined as follows: If financing plans associate a specific new borrowing with an asset, the rate on that borrowing may be used for the asset; if no specific new borrowing is associated with an asset or if the average accumulated expenditures for the asset exceed the amounts of specific new borrowing associated with it, the capitalization rate to be applied to such excess shall be the weighted average of the rates applicable to other borrowings of the enterprise. The amount of interest cost capitalized in an accounting period shall not exceed the total amount of in-

terest cost incurred by the company in that period.

* * * * *

(xiii) "Indirect construction costs" shall include indirect costs such as general engineering, supervision and support. Such costs, in addition to direct supervision, shall include indirect plant operations and engineering supervision up to, but not including, supervision by executive officers whose pay and expenses are chargeable to Account 6720, General and administrative. The records supporting the entries for indirect construction costs shall be kept so as to show the nature of the expenditures, the individual jobs and accounts charged, and the bases of the distribution. The amounts charged to each plant account for indirect costs shall be readily determinable. The instructions contained herein shall not be interpreted as permitting the addition to plant of amounts to cover indirect costs based on arbitrary allocations.

* * * * *

(d) * * *
(2) * * *

(1) *Retirement units:* This group includes major items of property, a representative list of which shall be prescribed by this Commission. In lieu of the retirement units prescribed with respect to a particular account, a company may, after obtaining specific approval by this Commission, establish and maintain its own list of retirement units for a portion or all of the plant in any such account. For items included on the retirement units list, the original cost of any such items retired shall be credited to the plant account and charged to Account 3100 Accumulated Depreciation, whether or not replaced. The original cost of retirement units installed in place of property retired shall be charged to the applicable telecommunications plant account.

* * * * *

(4) The accounting for the retirement of property, plant and equipment shall be as provided above except that amounts in Account 2111, Land, and amounts for works of art recorded in Account 2122, Furniture, shall be treated at disposition as a gain or loss and shall be credited or debited to Account 7100, Other operating income and expense, as applicable. If land or artwork is retained by the company and held for sale, the cost shall be charged to Account 2006, Nonoperating plant.

(5) When the telecommunications plant is sold together with traffic associated therewith, the original cost of the property shall be credited to the applicable plant accounts

and the estimated amounts carried with respect thereto in the accumulated depreciation and amortization accounts shall be charged to such accumulated accounts. The difference, if any, between the net amount of such debit and credit items and the consideration received (less commissions and other expenses of making the sale) for the property shall be included in Account 7300, Nonoperating income and expense. The accounting for depreciable telecommunications plant sold without the traffic associated therewith shall be in accordance with the accounting provided in §32.3100(c).

* * * * *

(f) * * *

(3) * * *

(i) *Unit identification.* Cost shall be identified and maintained by specific location for property record units contained within certain regulated plant accounts or account groupings such as Land, Buildings, Central Office Assets, Motor Vehicles, garage work equipment included in Account 2114, Tools and other work equipment, and Furniture. In addition, units involved in any unusual or special type of construction shall be recorded by their specific location costs (note also §32.2000(f)(3)(ii)(B)).

* * * * *

(g) * * *

(3) *Acquired depreciable plant.* When acquired depreciable plant carried in Account 1438. Deferred maintenance, retirements and other deferred charges, is distributed to the appropriate plant accounts, adjusting entries shall be made covering the depreciation charges applicable to such plant for the period during which it was carried in Account 1438.

* * * * *

(5) Upon direction or approval from this Commission, the company shall credit Account 3100, Accumulated depreciation, and charge Account 1438, Deferred maintenance, retirements and other deferred charges, with the unprovided-for loss in service value. Such amounts shall be distributed from Account 1438 to Account 6560, Depreciation and amortization expense over such period as this Commission may direct or approve.

(h) * * *

(3) Amortization charges shall be made monthly to the appropriate amortization expense accounts and corresponding credits shall be made to accounts 2005, 2682, 2690, and 3410, as appropriate. Monthly charges shall be computed by the application of one-twelfth to the annual amortization amount.

* * * * *

(j) Plant Accounts to be Maintained by Class A and Class B telephone companies as indicated:

Account title	Class A account	Class B account
Regulated plant		
<i>Property, plant and equipment:</i>		
Telecommunications plant in service	12001	12001
Property held for future telecommunications use	2002	2002
Telecommunications plant under construction-short term	2003	2003
Telecommunications plant adjustment	2005	2005
Nonoperating plant	2006	2006
Goodwill	2007	2007
Telecommunications plant in service (TPIS)		
<i>TPIS—General support assets:</i>		
Land and support assets		2110
Land	2111	
Motor vehicles	2112	
Aircraft	2113	
Tools and other work equipment	2114	
Buildings	2121	
Furniture	2122	
Office equipment	2123	
General purpose computers	2124	
<i>TPIS—Central Office assets:</i>		
Central Office—switching		2210
Non-digital switching	2211	
Digital electronic switching	2212	
Operator systems	2220	2220
Central Office—transmission		2230
Radio systems	2231	
Circuit equipment	2232	
<i>TPIS—Information origination/termination assets:</i>		
Information origination/termination		2310
Station apparatus	2311	
Customer premises wiring	2321	

plant. When accrued in Account retirements and distributed to the adjusting entries the depreciation plant for the period in Account

* *
 approval from this shall credit Accumulated depreciation, and maintenance, and charges, with service value. Distributed from Accumulated Depreciation and such period as or approve.

shall be made amortization expensing credits 205, 2682, 2690, and charges shall allocation of one-time amortization amount.

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Class A account	Class B account
2001	2001
2002	2002
2003	2003
2005	2005
2006	2006
2007	2007
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2114
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Account title	Class A account	Class B account
Large private branch exchanges	2341
Public telephone terminal equipment	2351	.....
Other terminal equipment	2362	.....
TPIS—Cable and wire facilities assets:		
Cable and wire facilities		2410
Poles	2411	.....
Aerial cable	2421	.....
Underground cable	2422	.....
Buried cable	2423	.....
Submarine and deep sea cable	2424	.....
Intrabuilding network cable	2426	.....
Aerial wire	2431	.....
Conduit systems	2441	.....
TPIS—Amortizable assets:		
Amortizable tangible assets		2680
Capital leases	2681	.....
Leasehold improvements	2682	.....
Intangibles	2690	2690

¹ Balance sheet summary account only.

§ 32.2001 Telecommunications plant in service.

This account shall include the original cost of the investment included in Accounts 2110 through 2690.

§ 32.2002 Property held for future telecommunications use.

(a) This account shall include the original cost of property owned and held for no longer than two years under a definite plan for use in telecommunications service. If at the end of two years the property is not in service, the original cost of the property may remain in this account so long as the carrier excludes the original cost and associated depreciation from its ratebase and ratemaking considerations and report those amounts in reports filed with the Commission pursuant to 43.21(e)(1) and 43.21(e)(2) of this chapter.

(b) Subsidiary records shall be maintained to show the character of the amounts carried in this account.

[65 FR 16334, Mar. 28, 2000]

§ 32.2003 Telecommunications plant under construction.

(a) This account shall include the original cost of construction projects (note also § 32.2000(c)) of this part and the cost of software development projects that are not yet ready for their intended use.

(b) There may be charged directly to the appropriate plant accounts the cost of any construction project which is estimated to be completed and ready for

service within two months from the date on which the project was begun. There may also be charged directly to the plant accounts the cost of any construction project for which the gross additions to plant are estimated to amount to less than \$100,000.

(c) If a construction project has been suspended for six months or more, the cost of the project included in this account may remain in this account so long as the carrier excludes the original cost and associated depreciation from its ratebase and ratemaking considerations and reports those amounts in reports filed with the Commission pursuant to 43.21(e)(1) and 43.21(e)(2) of this chapter. If a project is abandoned, the cost included in this account shall be charged to Account 7370, Special Charges.

(d) When any telecommunications plant, the cost of which has been included in this account, is completed ready for service, the cost thereof shall be credited to this account and charged to the appropriate telecommunications plant or other accounts.

[51 FR 43499, Dec. 2, 1986, as amended at 60 FR 12138, Mar. 6, 1995; 64 FR 50007, Sept. 15, 1999; 65 FR 16335, Mar. 28, 2000]

EFFECTIVE DATE NOTE: At 67 FR 5685, Feb. 6, 2002, § 32.2003 was amended by revising paragraph (c), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2003 Telecommunications plant under construction.

* * * * *

(c) If a construction project has been suspended for six months or more, the cost of the project included in this account may remain in this account so long as the carrier excludes the original cost and associated depreciation from its ratebase and ratemaking considerations and reports those amounts in reports filed with the Commission pursuant to §§ 43.21(e)(1) and 43.21(e)(2) of this chapter. If a project is abandoned, the cost included in this account shall be charged to Account 7300, Nonoperating income and expense.

* * * * *

§ 32.2005 Telecommunications plant adjustment.

(a) This account shall include amounts determined in accordance with § 32.2000(b) of this subpart representing the difference between (1) the fair market value of the telecommunications plant acquired, plus preliminary expenses incurred in connection with the acquisition; and (2) the original cost of such plant, governmental franchises and similar rights acquired, less the amounts of reserve requirements for depreciation and amortization of the property acquired. If the actual original cost is not known, the entries in this account shall be based upon an estimate of such costs.

(b) The amounts recorded in this account with respect to each property acquisition (except land and artworks) shall be disposed of, written off, or provision shall be made for the amortization thereof, as follows:

(1) Debit amounts may be charged to Account 7370, Special Charges, in whole or in part, or amortized over a reasonable period through charges to Account 7360, Other Nonoperating Income, without further direction or approval by this Commission. When specifically approved by this Commission, or when the provisions of paragraph (b)(3) of this section apply, debit amounts shall be amortized to Account 6565, Amortization Expense—Other.

(2) Credit amounts shall be disposed of in such manner as this Commission may approve or direct, except for credit amounts referred to in paragraph (b)(3) of this section.

(3) Within one year from the date of inclusion in this account of a debit or credit amount with respect to a current acquisition, the company may dispose of the total amount from an acquisition of telephone plant by a lump-sum charge or credit, as appropriate, to Account 6565 without further approval of this Commission, provided that such amount does not exceed \$100,000 and that the plant was not acquired from an affiliated company.

EFFECTIVE DATE NOTE: At 67 FR 5685, Feb. 6, 2002, § 32.2005 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2005 Telecommunications plant adjustment.

* * * * *

(b) The amounts recorded in this account with respect to each property acquisition (except land and artworks) shall be disposed of, written off, or provision shall be made for the amortization thereof, as follows:

(1) Debit amounts may be charged in whole or in part, or amortized over a reasonable period through charges to Account 7300, Nonoperating income and expense, without further direction or approval by this Commission. When specifically approved by this Commission, or when the provisions of paragraph (b)(3) of this section apply, debit amounts shall be amortized to Account 6560, Depreciation and amortization expense.

(2) Credit amounts shall be disposed of in such manner as this Commission may approve or direct, except for credit amounts referred to in paragraph (b)(4) of this section.

(3) The amortization associated with the costs recorded in the Telecommunications plant adjustment account will be charged or credited, as appropriate, directly to this asset account, leaving a balance representing the unamortized cost.

(4) Within one year from the date of inclusion in this account of a debit or credit amount with respect to a current acquisition, the company may dispose of the total amount from an acquisition of telephone plant by a lump-sum charge or credit, as appropriate, to Account 6560 without further approval of this Commission, provided that such amount does not exceed \$100,000 and that the plant was not acquired from an affiliated company.

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§ 32.2006 Nonoperating plant.

(a) This account shall include the company's investment in regulated property which is not includable in the plant accounts as operating telecommunications plant. It shall include the company's investment in telecommunications property held for sale. (Note also Account 1406, Nonregulated Investments.)

(b) Subsidiary records shall be maintained to show the character of the amounts carried in this account.

§ 32.2007 Goodwill.

(a) This account shall include any portion of the plant purchase price that cannot be assigned to specifically identifiable property acquired and such amount should be identified as "goodwill". Such amounts included in this account shall be amortized to Account 7360, Other Nonoperating Income, on a straight line basis over the remaining life of the acquired plant, not to exceed 40 years.

(b) The amounts included in this account shall be maintained to show the nature of each amount.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, §32.2007 was amended by revising paragraph (a), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2007 Goodwill.

(a) This account shall include any portion of the plant purchase price that cannot be assigned to specifically identifiable property acquired and such amount should be identified as "goodwill". Such amounts included in this account shall be amortized to Account 7300, Nonoperating income and expense, on a straight line basis over the remaining life of the acquired plant, not to exceed 40 years.

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§ 32.2110 Land and support assets.

This account shall be used by Class B companies to record the original cost of land and support assets of the type and character required of Class A companies in Accounts 2111 through 2124.

§ 32.2111 Land.

(a) This account shall include the original cost of all land held in fee and

of easements, and similar rights in land having a term of more than one year used for purposes other than the location of outside plant (see Accounts 2411 through 2441) or externally mounted central office equipment (see Accounts 2211 and 2212). It shall also include special assessments upon land for the construction of public improvements.

(b) When land, together with buildings thereon, is acquired, the original cost shall be fairly apportioned between the land and the buildings and accounted for accordingly. If the plan of acquisition contemplates the removal of buildings, the total cost of the land and buildings shall be accounted for as the cost of the land, and the salvage value of the buildings when disposed of shall be deducted from the cost of the land so determined.

(c) Annual or more frequent payments for use of land shall be recorded in the rent subsidiary record category for Account 6121, Land and Building Expense.

(d) When land is acquired for which there is not a definite plan for its use in telecommunications service, its costs shall be included in Account 2006, Nonoperating Plant.

(e) When land is acquired in excess of that required for telecommunications purposes, the cost of such excess land shall be included in Account 2006.

(f) Installments of assessments for public improvement, including interest, if any, which are deferred without option to the company shall be included in this account only as they become due and payable. Interest on assessments which are not paid when due shall be included in Account 7540, Other Interest Deductions.

(g) When land is purchased for immediate use in a construction project, its cost shall be included in Account 2003, Telecommunications Plant Under Construction—Short Term, or Account 2004, Telecommunications Plant Under Construction—Long Term, as appropriate, until such time as the project involved is completed and ready for service.

(h) The original cost of leaseholds, easements, rights of way, and similar rights in land having a term of more

than one year and not includable in Account 2111 shall be included in the accounts for outside plant or externally mounted central office equipment in connection with which the rights were acquired.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, §32.2111 was amended by revising paragraphs (f) and (g), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2111 Land.

* * * * *

(f) Installments of assessments for public improvement, including interest, if any, which are deferred without option to the company shall be included in this account only as they become due and payable. Interest on assessments which are not paid when due shall be included in Account 7500, Interest and related items.

(g) When land is purchased for immediate use in a construction project, its cost shall be included in Account 2003, Telecommunications plant under construction, until such time as the project involved is completed and ready for service.

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§ 32.2112 Motor vehicles.

This account shall include the original cost of motor vehicles of the type which are designed and routinely licensed to operate on public streets and highways.

§ 32.2113 Aircraft.

This account shall include the original cost of aircraft and any associated equipment and furnishings installed as an integral part of the aircraft.

§ 32.2114 Tools and other work equipment.

This account shall include the original cost of special purpose vehicles and the original cost of tools and equipment used to maintain special purpose vehicles and items included in Accounts 2112 and 2113. This account shall also include the original cost of power-operated equipment, general purpose tools, and other items of work equipment.

[64 FR 50007, Sept. 15, 1999]

§ 32.2121 Buildings.

(a) This account shall include the original cost of buildings, and the cost of all permanent fixtures, machinery, appurtenances and appliances installed as a part thereof. It shall include costs incident to the construction or purchase of a building and to securing possession and title.

(b) When land, together with the buildings thereon, is acquired, the original cost shall be fairly apportioned between the land and buildings, and the amount applicable to the buildings shall be included in this account. The amount applicable to the land shall be included in Account 2111, Land.

(c) This account shall not include the cost of any telephone equipment or wiring apparatus for generating or controlling electricity for operating the telephone system.

§ 32.2122 Furniture.

This account shall include the original cost of furniture in offices, store-rooms, shops, and all other quarters. This account shall also include the cost of objects which possess aesthetic value, are of original or limited edition, and do not have a determinable useful life. The cost of any furniture attached to and constituting a part of a building shall be charged to account 2121, Buildings.

§ 32.2123 Office equipment.

(a) This account shall include the original cost of office equipment in offices, shops and all other quarters. The cost of any equipment attached to and constituting a part of a building shall be charged to Account 2121, Buildings.

(b) Office Equipment shall be maintained by the following subaccounts:

- 2123.1 Office Support Equipment
- 2123.2 Company Communications Equipment

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, §32.2123 was amended by removing paragraph (b) and designating paragraph (a) as an undesignated paragraph, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.2124 General purpose computers.

(a) This account shall include the original cost of computers and peripheral devices which are designed to perform general administrative information processing activities.

(b) Administrative information processing includes but is not limited to activities such as the preparation of financial, statistical, or other business analytical reports; preparation of payroll, customer bills, and cash management reports, and other records and reports not specifically designed for testing, diagnosis, maintenance or control of the telecommunications network facilities.

(c) [Reserved]

(d) This account does not include the cost of computers and their associated peripheral devices associated with switching, network signaling, network operations, or other specific telecommunications plant. Such computers and peripherals shall be classified to the appropriate switching, network signaling, network expense, or other plant account.

[51 FR 43499, Dec. 2, 1986, as amended at 64 FR 50007, Sept. 15, 1999]

§ 32.2210 Central office—switching.

This account shall be used by Class B companies to record the original cost of switching assets of the type and character required of Class A companies in Accounts 2211 through 2215.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, § 32.2210 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2210 Central office—switching.

This account shall be used by Class B companies to record the original cost of switching assets of the type and character required of Class A companies in Accounts 2211 through 2212.

§ 32.2211 Analog electronic switching.

(a) This account shall include the original cost of stored program control analog circuit-switching and associated equipment. This account shall also include the cost of remote analog electronic circuit switches.

(b) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, § 32.2211 was amended by revising the section heading and paragraph (a), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2211 Non-digital switching.

(a) This account shall include:

(1) Original cost of stored program control analog circuit-switching and associated equipment.

(2) Cost of remote analog electronic circuit switches.

(3) Original cost of non-electronic circuit-switching equipment such as Step-by-Step, Crossbar, and Other Electro-Mechanical Switching.

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§ 32.2212 Digital electronic switching.

(a) This account shall include the original cost of stored program control digital switches and their associated equipment. Included in this account are digital switches which utilize either dedicated or non-dedicated circuits. This account shall also include the cost of remote digital electronic switches.

(b) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, § 32.2212 was amended by revising

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paragraph (a), redesignating paragraph (b) as paragraph (e), and adding new paragraphs (b), (c), and (d), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised and added text is set forth as follows:

§ 32.2212 Digital electronic switching.

(a) This account shall include the original cost of stored program control digital switches and their associated equipment. Included in this account are digital switches which utilize either dedicated or non-dedicated circuits. This account shall also include the cost of remote digital electronic switches. The investment in digital electronic switching equipment shall be maintained in the following subaccounts: 2212.1 Circuit and 2212.2 Packet.

(b) This subaccount 2212.1 Circuit shall include the original cost of digital electronic switching equipment used to provide circuit switching. Circuit switching is a method of routing traffic through a switching center, from local users or from other switching centers, whereby a connection is established between the calling and called stations until the connection is released by the called or calling station.

(c) This subaccount 2212.2 Packet shall include the original cost of digital electronic switching equipment used to provide packet switching. Packet switching is the process of routing and transferring information by means of addressed packets so that a channel is occupied during the transmission of the packet only, and upon completion of the transmission the channel is made available for the transfer of other traffic.

(d) Digital electronic switching equipment used to provide both circuit and packet switching shall be recorded in the subaccounts 2212.1 Circuit and 2212.2 Packet based upon its predominant use.

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§ 32.2215 Electro-mechanical switching.

(a) This account shall include the original cost of non-electronic circuit-switching equipment. The investment in electro-mechanical switching equipment shall be maintained in the following subaccounts:

- 2215.1 Step-by-Step Switching
- 2215.2 Crossbar Switching
- 2215.3 Other Electro-Mechanical Switching

(b) *2215.1 Step-by-step switching.* This subaccount shall include the original cost of step-by-step and associated circuit-switching equipment.

(c) *2215.2 Crossbar switching.* This subaccount shall include the original cost of crossbar and associated circuit-switching equipment. Also included in this account is the cost of electronic translator system equipment used in switching.

(d) *2215.3 Other Electro-mechanical switching.* This subaccount shall include the original cost of all other types of non-electronic circuit-switching equipment such as panel systems and their associated circuit-switching equipment.

(e) Switching plant excludes switchboards which perform an operator assistance function and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002, § 32.2215 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.2220 Operator systems.

(a) This account shall include the original cost of those items of equipment used to assist subscribers in utilizing the network and equipment used in the provision of directory assistance, call intercept, and other operator assisted call completion activities.

(b) This account does not include equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switchboards and special service switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994]

§ 32.2230 Central office—transmission.

This account shall be used by Class B companies to record the original cost of radio systems and circuit equipment of the type and character required of Class A companies in Accounts 2231 and 2232.

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§ 32.2231 Radio systems.

(a) This account shall include the original cost of ownership of radio transmitters and receivers. The investment in radio systems shall be maintained in the following subaccounts:

- 2231.1 Satellite and Earth Station Facilities
- 2231.2 Other Radio Facilities

(b) *2231.1 Satellite and earth station facilities.* This subaccount shall include the original cost of ownership interest in satellities (including land-side spares), other spare parts, material and supplies. It shall include launch insurance and other satellite launch costs. This subaccount shall also include the original cost of earth stations and spare parts, material or supplies therefor.

(c) *2231.2 Other radio facilities.* (1) This subaccount shall include the original cost of radio equipment used to provide radio communication channels. Radio equipment is that equipment which is used for the generation, amplification, propagation, reception, modulation, and demodulation of radio waves in free space over which communication channels can be provided. This subaccount shall also include the associated carrier and auxiliary equipment and patch bay equipment which is an integral part of the radio equipment. Such equipment may be located in central office buildings, terminal rooms, or repeater stations or may be mounted on towers, masts or other supports.

(2) This subaccount shall be maintained in order that the company may separately report the amounts contained herein that relate to cellular radio facilities, non-cellular radio facilities, and terrestrial microwave radio facilities. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002. § 32.2231 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2231 Radio systems.

(a) This account shall include the original cost of ownership of radio transmitters and receivers. This account shall include the original cost of ownership interest in satellities (including land-side spares), other spare parts, material and supplies. It shall include launch insurance and other satellite launch costs. This account shall also include the original cost of earth stations and spare parts, material or supplies therefor.

(b) This account shall also include the original cost of radio equipment used to provide radio communication channels. Radio equipment is that equipment which is used for the generation, amplification, propagation, reception, modulation, and demodulation of radio waves in free space over which communication channels can be provided. This account shall also include the associated carrier and auxiliary equipment and patch bay equipment which is an integral part of the radio equipment. Such equipment may be located in central office building, terminal room, or repeater stations or may be mounted on towers, masts, or other supports.

§ 32.2232 Circuit equipment.

(a) This account shall include the original cost of equipment which is used to reduce the number of physical pairs otherwise required to serve a given number of subscribers by utilizing carrier systems, concentration stages or combinations of both. It shall include equipment that provides for simultaneous use of a number of interoffice channels on a single transmission path. This account shall also include equipment which is used for the amplification, modulation, regeneration, circuit patching, balancing or control of signals transmitted over interoffice communications transmission channels. This account shall include equipment which utilizes the message path to carry signaling information or which utilizes separate channels between switching offices to transmit signaling information independent of the subscribers' communication paths or transmission channels. This account shall also include the original cost of associated material used in the construction of such plant. Circuit equipment may be located in central offices, in manholes, on poles, in cabinets or huts or at other company locations.

(b) This account excludes carrier and auxiliary equipment and patch bays

which are includable in Account 2231.2, Other Radio Facilities. This account also excludes such equipment which is an integral component of a major unit which is classifiable to other accounts.

(c) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to digital and analog. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5686, Feb. 6, 2002. § 32.2232 was amended by revising paragraphs (a) and (b), redesignating paragraphs (b) and (c) as (e) and (f), and adding new paragraphs (b), (c), and (d), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised and added text is set forth as follows:

§ 32.2232 Circuit equipment.

(a) This account shall include the original cost of equipment which is used to reduce the number of physical pairs otherwise required to serve a given number of subscribers by utilizing carrier systems, concentration stages or combinations of both. It shall include equipment that provides for simultaneous use of a number of interoffice channels on a single transmission path. This account shall also include equipment which is used for the amplification, modulation, regeneration, circuit patching, balancing or control of signals transmitted over interoffice communications transmission channels. This account shall include equipment which utilizes the message path to carry signaling information or which utilizes separate channels between switching offices to transmit signaling information independent of the subscribers' communication paths or transmission channels. This account shall also include the original cost of associated material used in the construction of such plant. Circuit equipment may be located in central offices, in manholes, on poles, in cabinets or huts, or at other company locations. The investment in circuit equipment shall be maintained in the following subaccounts: 2232.1 Electronic and 2232.2 Optical.

(b) This subaccount 2232.1 Electronic shall include the original cost of electronic circuit equipment.

(c) This subaccount 2232.2 Optical shall include the original cost of optical circuit equipment.

(d) Circuit equipment that converts electronic signals to optical signals or optical

signals to electronic signals shall be categorized as electronic.

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§ 32.2310 Information origination/termination.

This account shall be used by Class B companies to record the original cost of information origination/termination equipment of the type and character required of Class A companies in Accounts 2311 through 2362.

§ 32.2311 Station apparatus.

(a) This account shall include the original cost of station apparatus, including teletypewriter equipment, telephone and miscellaneous equipment, small private branch exchanges and radio equipment (excluding mobile), installed for customer's use. Items included in this account shall remain herein until finally disposed of or until used in such manner as to warrant inclusion in other accounts.

(b) Each company shall prepare a list of station apparatus which shall be used as its list of disposition units for this account, the cost of which when finally disposed of shall be credited to this account and charged to Account 3100, Accumulated Depreciation.

(c) The cost of cross-connection boxes, distributing frames or other distribution points which are installed to terminate intrabuilding network cable shall be charged to Account 2426, Intrabuilding Network Cable.

(d) Operator head sets and transmitters in central offices and at private branch exchanges, and test sets such as those used by wire chiefs, outside plant technicians, and others, shall be included in Account 2114, Tools and other work equipment, Account 2220, Operator systems, or Account 2341, Large Private Branch Exchanges, as appropriate.

(e) Station apparatus for company official use shall be included in Account 2123, Office Equipment.

(f) An annual inventory shall be taken of all station apparatus in stock that are included in this account. The number of such station apparatus items as determined by this inventory, together with the number of all other station apparatus items included in

Inventories of large private branch exchanges equipment are included in Account 1220. Inventories.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 6562, Mar. 4, 1987; 52 FR 39535, Oct. 22, 1987; 59 FR 46930, Sept. 13, 1994]

§ 32.2351 Public telephone terminal equipment.

(a) This account shall include the original cost of coinless, coin-operated (including public and semi-public), credit card and pay telephone installed for use by the public.

(b) This account shall also include the original cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed six months supply in terms of turnover and be available to installers from locations in reasonable proximity to the location of the installed equipment.

(c) The original cost of installing public telephone equipment shall not include the labor and minor materials costs of installing the public telephone equipment or premises wiring. These costs as well as the cost of replacing a public telephone shall be charged to Account 6351 Public Telephone Terminal Equipment Expense. The labor and minor materials costs of removal of public telephones will also be charged to Account 6351.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 29019, Aug. 5, 1987]

§ 32.2362 Other terminal equipment.

(a) This account shall include the original cost of other Non-CPE terminal equipment not specifically provided for elsewhere and items such as specialized communications equipment provided to meet the needs of the disabled, over-voltage protection equipment, multiplexing equipment to deliver multiple channels to customers, etc.

(b) Each company shall prepare a list of other terminal equipment which shall be used as its list of retirement units for this account, the cost of which when finally disposed of shall be credited to this account and charged to Account 3100, Accumulated Depreciation.

§ 32.2410 Cable and wire facilities.

This account shall be used by Class B companies to record the original cost of cable and wire facilities of the type and character required of Class A companies in Accounts 2411 through 2441.

§ 32.2411 Poles.

This account shall include the original cost of poles, crossarms, guys and other material used in the construction of pole lines and shall include the cost of towers when not associated with buildings. This account shall also include the cost of clearing pole line routes and of tree trimming but shall exclude the cost of maintaining previously cleared routes.

§ 32.2421 Aerial cable.

(a) This account shall include the original cost of aerial cable and of drop and block wires served by such cable or aerial wire as well as the cost of other material used in construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic aerial cable and metallic aerial cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2422 Underground cable.

(a) This account shall include the original cost of underground cable installed in conduit and of other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic underground cable and metallic underground cable.

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(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of drop and block wires served by underground cable shall be included in Account 2423, Buried Cable.

(d) The cost of cables leading from the main distributing frame or equivalent to central office equipment shall be included in the appropriate switching, transmission or other operations asset account.

§ 32.2423 Buried cable.

(a) This account shall include the original cost of buried cable as well as the cost of other material used in the construction of such plant. This account shall also include the cost of trenching for and burying cable run in conduit not classifiable to Account 2441. Conduit Systems. Subsidiary record categories, as defined below, are to be maintained for nonmetallic buried cable and metallic buried cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction

work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2424 Submarine cable.

(a) This account shall include the original cost of submarine cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic submarine cable and metallic submarine cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

EFFECTIVE DATE NOTE: At 67 FR 5687, Feb. 6, 2002, §32.2424 was amended by revising the section heading and paragraph (a) introductory text, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2424 Submarine & deep sea cable.

(a) This account shall include the original cost of submarine cable and deep sea cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic submarine and deep sea cable and metallic submarine and deep sea cable.

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§ 32.2425 Deep sea cable.

(a) This account includes the original cost of deep sea cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic deep sea cable and metallic deep sea cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

EFFECTIVE DATE NOTE: At 67 FR 5687, Feb. 6, 2002, § 32.2425 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.2426 Intrabuilding network cable.

(a) This account shall include the original cost of cables and wires located on the company's side of the demarcation point or standard network interface inside subscribers' buildings or between buildings on one customer's same premises. Intrabuilding network cables are used to distribute network access facilities to equipment rooms, cross-connection or other distribution points at which connection is made with customer premises wiring. Subsidiary record categories, as defined below, are to be maintained for non-metallic intrabuilding network cable and metallic intrabuilding network cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and

wire facilities shall be included in the account chargeable with such construction.

(c) Intrabuilding network cable does not include the cost of cables or wires which are classifiable as network terminating wire, nor the cables or wires from the demarcation point or standard network interface to subscribers' stations.

§ 32.2431 Aerial wire.

(a) This account shall include the original cost of bare line wire and other material used in the construction of such plant.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of drop and block wires served by aerial wire shall be included in Account 2421, Aerial Cable.

§ 32.2441 Conduit systems.

(a) This account shall include the original cost of conduit, whether underground, in tunnels or on bridges, which is reusable in place. It shall also include the cost of opening trenches and of any repaving necessary in the construction of conduit plant.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of protective covering for buried cable shall be charged to Account 2423, Buried Cable, as appropriate, unless such protective covering is reusable in place. The amounts thus charged shall be included in the non-metallic buried cable or metallic buried cable subsidiary record category, as appropriate.

(d) The cost of pipes or other protective covering for underground drop and block wires shall be included in Account 2421, Aerial Cable, or Account 2423, Buried Cable, as appropriate. The amounts thus charged shall be included in the nonmetallic or metallic subsidiary record category, as appropriate.

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§ 32.2680 Amortizable tangible assets.

This account shall be used by Class B carriers to record amounts for property acquired under capital leases and the original cost of leasehold improvements of the type of character required of Class A companies in Accounts 2681 and 2682.

§ 32.2681 Capital leases.

(a) This account shall include all property acquired under a capital lease. A lease qualifies as a capital lease when one or more of the following criteria is met:

(1) By the end of the lease term, ownership of the leased property is transferred to the lessee.

(2) The lease contains a bargain purchase option.

(3) The lease term is substantially (75% or more) equal to the estimated useful life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) At the inception of the lease, the present value of the minimum lease payments, excluding that portion of the payments representing executory costs to be paid by the lessor, including any profit thereon, equals or exceeds 90% or more of the fair value of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(b) All other leases are operating leases.

(c) The amounts recorded in this account at the inception of a capital lease shall be equal to the original cost, if known, or to the present value not to exceed fair value, at the beginning of the lease term, of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs to be paid by the lessor, together with any profit thereon.

§ 32.2682 Leasehold improvements.

(a) This account shall include the original cost of leasehold improvements made to telecommunications plant held under a capital or operating lease, which are subject to amortization treatment. This account shall also include those improvements which will revert to the lessor.

(b) Improvements to leased telecommunications plant which are of a relatively minor cost, or short life or for which the period of the lease is one year or less shall be charged to the account chargeable with the cost of repairs to such plant.

(c) Amounts contained in this account shall be amortized over the term of the related lease.

EFFECTIVE DATE NOTE: At 67 FR 5687, Feb. 6, 2002, §32.2682 was amended by revising paragraph (c), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2682 Leasehold improvements.

* * * * *

(c) Amounts contained in this account shall be amortized over the term of the related lease. The amortization associated with the costs recorded in the Leasehold improvement account will be credited directly to this asset account, leaving a balance representing the unamortized cost.

§ 32.2690 Intangibles.

(a) This account shall include the cost of organizing and incorporating the company, the original cost of government franchises, the original cost of patent rights, and other intangible property having a life of more than one year and used in connection with the company's telecommunications operations.

(b) Subsidiary records for this account shall include a description of each class of intangible property.

(c) The cost of other intangible assets, not including software, having a life of one year or less shall be charged directly to Account 6564, Amortization Expense—Intangible. Such intangibles acquired at small cost may also be charged to Account 6564, irrespective of their term of life. The cost of software

having a life of one year or less shall be charged directly to the applicable expense account with which the software is associated.

(d) This account shall not include any discounts on securities issued, nor shall it include costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, sale or resale of capital stock.

(e) When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this account on the books of the various companies concerned shall not be carried over.

(f) Franchise taxes payable annually or more frequently shall be charged to Account 7240, Operating Other Taxes.

(g) This account shall not include the cost of plant, material and supplies, or equipment furnished to municipalities or other governmental authorities when given other than as initial consideration for franchises or similar rights. (Note also Account 6728, Other General & Administrative.)

(h) This account shall not include the original cost of easements, rights of way, and similar rights in land having a term of more than one year. Such amounts shall be recorded in Account 2111, Land, or in the appropriate outside plant account (see Accounts 2411 through 2441), or in the appropriate central office account (see Accounts 2211 through 2232).

[51 FR 43499, Dec. 2, 1986, as amended at 64 FR 50007, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5687, Feb. 6, 2002, § 32.2690 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.2690 Intangibles.

(a) This account shall include the cost of organizing and incorporating the company, the original cost of government franchises, the original cost of patent rights, and other intangible property having a life of more than one year and used in connection with the company's telecommunications operations.

(b) Class A companies, except mid-sized incumbent local exchange carriers, shall maintain subsidiary records for general purpose

computer software and for network software. Subsidiary records for this account shall also include a description of each class of all other tangible property.

(c) The cost of other intangible assets, not including software, having a life of one year or less shall be charged directly to Account 6560, Depreciation and Amortization Expense. Such intangibles acquired at small cost may also be charged to Account 6560, irrespective of their term of life. The cost of software having a life of one year or less shall be charged directly to the applicable expense account with which the software is associated.

(d) The amortization associated with the costs recorded in the Intangibles account will be credited directly to this asset account, leaving a balance representing the unamortized cost.

(e) This account shall not include any discounts on securities issued, nor shall it include costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, sale or resale of capital stock.

(f) When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this account on the books of the various companies concerned shall not be carried over.

(g) Franchise taxes payable annually or more frequently shall be charged to Account 7240, Operating other taxes.

(h) This account shall not include the cost of plant, material and supplies, or equipment furnished to municipalities or other governmental authorities when given other than as initial consideration for franchises or similar rights. (Note also Account 6720, General & administrative.)

(i) This account shall not include the original cost of easements, rights of way, and similar rights in land having a term of more than one year. Such amounts shall be recorded in Account 2111, Land, or in the appropriate outside plant account (see Accounts 2411 through 2441), or in the appropriate central office account (see Accounts 2211 through 2232).

§ 32.3000 Instructions for balance sheet accounts—Depreciation and amortization.

(a) Depreciation and Amortization Subsidiary Records:

(1) Subsidiary record categories shall be maintained for each class of depreciable telecommunications plant in Account 3100 for which there is a prescribed depreciation rate. (See also § 32.2000(g)(1)(iii) of this subpart.)

(2) Subsidiary records shall be maintained for Accounts 3400, 3410, 3420, 3500

or network software. This account shall also be maintained for each class of all

intangible assets, not having a life of one year or less, charged directly to Account 3410, Amortization Expense—Capitalized Leases. Amortization Expense—Capitalized Leases—Tangible assets acquired at small amounts shall be charged to Account 6560, Intangible Assets—Tangible. The cost of such assets shall be charged to the applicable account in which the software is

associated with the intangibles account. Charges to this asset account shall be representative of the

not include any disbursements, nor shall it include interest on negotiating loans, interest on debt, or charges with the authorization of capital stock. Charges to this account shall include mergers, consolidations, amounts prepaid on the accounts of companies concerned

chargeable annually or charged to Account 3410.

not include the cost of supplies, or equipment or other government-owned property other than as provided in Account 6720, General

include the original cost of way, and charges for a term of more than one year shall be recorded in the appropriate account (see Account 3410, or in the appropriate account (see Accounts

for balance sheet depreciation and

and Amortization

categories shall be charged to each class of depreciation plant in Account 3410, there is a separate account. (See also subpart.) This account shall be maintained in Accounts 3410, 3420, 3500

and 3600 in accordance with § 32.2000(h)(4) of this subpart.

(b) Depreciation and Amortization Accounts to be Maintained by Class A and Class B telephone companies, as indicated:

Account title	Class A account	Class B account
Depreciation and amortization:		
Accumulated depreciation	3100	3100
Accumulated depreciation—Held for future telecommunications use	3200	3200
Accumulated depreciation—Nonoperating	3300	3300
Accumulated amortization—Tangible		3400
Accumulated amortization—Capitalized leases	3410	
Accumulated amortization—Leasehold improvements	3420	
Accumulated amortization—Intangible	3500	3500

Account title	Class A account	Class B account
Depreciation and amortization:		
Accumulated depreciation	3100	3100
Accumulated depreciation—Held for future telecommunications use	3200	3200
Accumulated depreciation—Nonoperating	3300	3300
Accumulated amortization—Capitalized leases	3410	3410

§ 32.3100 Accumulated depreciation.

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2001, Telecommunications Plant in Service.

(b) This account shall be credited with depreciation amounts concurrently charged to Account 6561, Depreciation Expense—Telecommunications Plant in Service. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) At the time of retirement of depreciable operating telecommunications plant, this account shall be charged with the original cost of the property retired plus the cost of removal and credited with the salvage value and any insurance proceeds recovered.

(d) This account shall be credited with amounts charged to Account 1438, Deferred Maintenance and Retirements, as provided in § 32.2000(g)(4) of this subpart. This account shall be credited with amounts charged to Ac-

Account title	Class A account	Class B account
Accumulated amortization—Other ..	3600	3600

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5687, Feb. 6, 2002, § 32.3000 was amended by revising paragraphs (a)(2) and (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.3000 Instructions for balance sheet accounts—Depreciation and amortization.

(a) * * *
(2) Subsidiary records shall be maintained for Accounts 2005, 2682, 2690, and 3410 in accordance with § 32.2000(h)(4).

(b) Depreciation and Amortization Accounts to be Maintained by Class A and Class B telephone companies, as indicated:

Account 6561 with respect to other than relatively minor losses in service values suffered through terminations of service when charges for such terminations are made to recover the losses.

EFFECTIVE DATE NOTE: At 67 FR 5687, Feb. 6, 2002, § 32.3100 was amended by revising paragraphs (b) and (d), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.3100 Accumulated depreciation.

* * * * *
(b) This account shall be credited with depreciation amounts concurrently charged to Account 6560, Depreciation and amortization expenses. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

* * * * *
(d) This account shall be credited with amounts charged to Account 1438, Deferred maintenance, retirements, and other deferred charges, as provided in § 32.2000(g)(4). This account shall be credited with amounts

charged to Account 6560 with respect to other than relatively minor losses in service values suffered through terminations of service when charges for such terminations are made to recover the losses.

§ 32.3200 Accumulated depreciation—held for future telecommunications use.

(a) This account shall include the accumulated depreciation associated with the investment contained in Account 2002, Property Held for Future Telecommunications Use.

(b) This account shall be credited with amounts concurrently charged to Account 6562, Depreciation Expense—Property Held for Future Telecommunications Use.

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb. 6, 2002, § 32.3200 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.3200 Accumulated depreciation—held for future telecommunications use.

* * * * *

(b) This account shall be credited with amounts concurrently charged to Account 6560, Depreciation and amortization expenses.

§ 32.3300 Accumulated depreciation—nonoperating.

(a) This account shall include the accumulated amortization and depreciation associated with the investment contained in Account 2006, Nonoperating Plant.

(b) This account shall be credited with amortization and depreciation amounts concurrently charged to Account 7360, Other Nonoperating Income.

(c) When nonoperating plant not previously used in telecommunications service is disposed of, this account shall be charged with the amount previously credited hereto with respect to such property and the book cost of the property so retired less the amount chargeable to this account and less the value of the salvage recovered or the proceeds from the sale of the property shall be included in Account 7350, Gains or Losses on Disposition of Certain Property. In case the property had

been used in telecommunications service previous to its inclusion in Account 2006, Nonoperating Plant, the amount accrued for depreciation thereon after its retirement from telecommunications service shall be charged to this account and credited to Account 3100, Accumulated Depreciation, and the accounting for its retirement from Account 2006 shall be in accordance with that applicable to telecommunications plant retired.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb. 6, 2002, § 32.3300 was amended by revising paragraphs (b) and (c), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.3300 Accumulated depreciation—nonoperating.

* * * * *

(b) This account shall be credited with amortization and depreciation amounts concurrently charged to Account 7300, Nonoperating income and expense.

(c) When nonoperating plant not previously used in telecommunications service is disposed of, this account shall be charged with the amount previously credited hereto with respect to such property and the book cost of the property so retired less the amount chargeable to this account and less the value of the salvage recovered or the proceeds from the sale of the property shall be included in Account 7300, Nonoperating income and expense. In case the property had been used in telecommunications service previous to its inclusion in Account 2006, Nonoperating Plant, the amount accrued for depreciation thereon after its retirement from telecommunications service shall be charged to this account and credited to Account 3100, Accumulated depreciation, and the accounting for its retirement from Account 2006 shall be in accordance with that applicable to telecommunications plant retired.

§ 32.3400 Accumulated amortization—tangible.

This account shall be used by Class B companies to record accumulated amortization of the type and character required of Class A companies in Accounts 3410 and 3420.

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§ 32.3410 Accumulated amortization— capitalized leases.

(a) This account shall include the ac-
 cumulated amortization associated
 with the investment contained in Ac-
 count 2681, Capital Leases.

(b) This account shall be credited
 with amounts for the amortization of
 capital leases concurrently charged to
 Account 6563, Amortization Expense—
 Tangible. (Note also Account 3300, Ac-
 cumulated Depreciation—Nonop-
 erating.)

(c) When any item carried in Account
 2681 is sold, is relinquished, or is other-
 wise retired from service, this account
 shall be charged with the cost of the
 retired item. Remaining amounts asso-
 ciated with the item shall be debited to
 Account 7160, Other Operating Gains
 and Losses, or Account 7360, Other
 Nonoperating Income, as appropriate.

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb.
 6, 2002, § 32.3410 was amended by revising
 paragraphs (b) and (c), effective Aug. 6, 2002.
 At 67 FR 20052, Apr. 24, 2002, the effective
 date was delayed until Jan. 1, 2003. For the
 convenience of the user, the revised text is
 set forth as follows:

§ 32.3410 Accumulated amortization—cap- ital leases.

* * * * *

(b) This account shall be credited with
 amounts for the amortization of capital
 leases concurrently charged to Account 6560,
 Depreciation and amortization expenses.
 (Note also Account 3300, Accumulated Depre-
 ciation—Nonoperating.)

(c) When any item carried in Account 2681
 is sold, is relinquished, or is otherwise re-
 tired from service, this account shall be
 charged with the cost of the retired item.
 Remaining amounts associated with the
 item shall be debited to Account 7100, Other
 operating income and expenses, or Account
 7300, Nonoperating income and expense, as
 appropriate.

§ 32.3420 Accumulated amortization— leasehold improvements.

(a) This account shall include the ac-
 cumulated amortization associated
 with the investment contained in Ac-
 count 2682, Leasehold Improvements.

(b) This account shall be credited
 with amounts for the amortization of
 leasehold improvements concurrently
 charged to Account 6563, Amortization
 Expense—Tangible. (Note also Account

3300, Accumulated Depreciation—Non-
 operating.)

(c) When any item carried in Account
 2682 is sold, is relinquished, or is other-
 wise retired from service, this account
 shall be charged with the cost of the
 retired item. Remaining amounts asso-
 ciated with the item shall be debited to
 Account 7360, Other Nonoperating In-
 come.

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb.
 6, 2002, § 32.3420 was removed, effective Aug. 6,
 2002. At 67 FR 20052, Apr. 24, 2002, the effec-
 tive date was delayed until Jan. 1, 2003.

§ 32.3500 Accumulated amortization— intangible.

(a) This account shall include the ac-
 cumulated amortization associated
 with the investment contained in Ac-
 count 2690, Intangibles.

(b) This account shall be credited
 with amortization amounts concu-
 rrently charged to Account 6564, Amor-
 tization Expense—Intangible. (Note
 also Account 3300, Accumulated Depre-
 ciation—Nonoperating.)

(c) When any item carried in Account
 2690, other than software, is sold, relin-
 quished, or otherwise retired from serv-
 ice, this account shall be charged with
 the cost of the retired item. Remaining
 amounts associated with the item shall
 be debited to Account 7360, Other Non-
 operating Income.

(d) When software that is classified
 to Account 2690 is sold, relinquished, or
 otherwise retired from service, this ac-
 count shall be credited, and Account
 6564, Amortization expense—intangible,
 shall be charged with the unamortized
 cost of the existing software.

[51 FR 43499, Dec. 2, 1986, as amended at 64
 FR 50007, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb.
 6, 2002, § 32.3500 was removed, effective Aug. 6,
 2002. At 67 FR 20052, Apr. 24, 2002, the effec-
 tive date was delayed until Jan. 1, 2003.

§ 32.3600 Accumulated amortization— other.

(a) This account shall include the ac-
 cumulated amortization associated
 with the investment contained in Ac-
 count 2005, Telecommunications Plant
 Adjustment.

(b) This account shall be credited with amortization amounts concurrently charged to Account 6565, Amortization Expense—Other. (Note also Account 3300, Accumulated Depreciation—Nonoperating.)

(c) When any item carried in Account 2005 is sold, relinquished, or otherwise retired from service, this account shall be charged with the cost of the retired

item. Remaining amounts associated with the item shall be debited Account 7360, Other Nonoperating Income.

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb. 6, 2002, § 32.3600 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.3999 Instructions for balance sheet accounts—liabilities and stockholders' equity.

LIABILITIES AND STOCKHOLDERS' EQUITY ACCOUNTS TO BE MAINTAINED BY CLASS A AND CLASS B TELEPHONE COMPANIES

Account title	Class A account	Class B account
Current liabilities:		
Current accounts and notes payable	4000	4000
Customer's Deposits	4040	4040
Income taxes—accrued	4070	4070
Other taxes—accrued	4080	4080
Net Current Deferred Nonoperating Income Taxes	4100	4100
Net Current Deferred Nonoperating Income Taxes	4110	4110
Other current liabilities	4130	4130
Long-term debt:		
Long Term debt and Funded debt	4200	4200
Other liabilities and deferred credits:		
Other liabilities and deferred credits	4300	4300
Unamortized operating investment tax credits—net	4320	4320
Unamortized nonoperating investment tax credits—net	4330	4330
Net noncurrent deferred operating income taxes	4340	4340
Net deferred tax liability adjustments	4341	4341
Net noncurrent deferred nonoperating income taxes	4350	4350
Deferred tax regulatory adjustments—net	4361	4361
Other jurisdictional liabilities and deferred credits—net	4370	4370
Stockholder's equity:		
Capital stock	4510	4510
Additional paid-in capital	4520	4520
Treasury stock	4530	4530
Other capital	4540	4540
Retained earnings	4550	4550

[67 FR 5688, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb. 6, 2002, § 32.4000 was redesignated as § 32.3999 and revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4000 Instructions for balance sheet accounts—liabilities and stockholders' equity.

Liabilities and Stockholders' Equity Accounts to be Maintained by Class A and Class B telephone companies:

Account title	Class A account	Class B account
Current liabilities:		
Accounts payable	4010	4010
Notes payable	4020	4020
Advance billing and payments	4030	4030
Customer's deposits	4040	4040
Current maturities—long-term debt	4050	4050
Current maturities—capital leases	4060	4060

Account title	Class A account	Class B account
Income taxes—accrued	4070	4070
Other taxes—accrued	4080	4080
Net Current Deferred Operating Income Taxes	4100	4100
Net Current Deferred Nonoperating Income Taxes	4110	4110
Other accrued liabilities	4120	4120
Other current liabilities	4130	4130
Long-term debt:		
Funded debt	4210	4210
Premium on long-term debt	4220	4220
Discount on long-term debt	4230	4230
Reacquired debt	4240	4240
Obligations under capital leases	4250	4250
Advances from affiliated companies	4260	4260
Other long-term debt	4270	4270
Other liabilities and deferred credits:		
Other long-term liabilities	4310	4310

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070	4070
080	4080
100	4100
110	4110
130	4130
200	4200
300	4300
320	4320
330	4330
340	4340
341	4341
350	4350
361	4361
370	4370
410	4510
420	4520
430	4530
440	4540
450	4550

Class A account	Class B account
4070	4070
4080	4080
4100	4100
4110	4110
4120	4120
4130	4130
4210	4210
4220	4220
4230	4230
4240	4240
4250	4250
4260	4260
4270	4270
4310	4310

Account title	Class A account	Class B account
Unamortized operating investment tax credits—net	4320	4320
Unamortized nonoperating investment tax credits—net	4330	4330
Net noncurrent deferred operating income taxes	4340	4340
Net deferred tax liability adjustments	4341	4341
Net noncurrent deferred nonoperating income taxes	4350	4350
Other deferred credits	4360	4360
Deferred tax regulatory liability	4361	4361
Other jurisdictional liabilities and deferred credits—net	4370	4370
Stockholders' equity:		
Capital stock	4510	4510
Additional paid-in capital	4520	4520
Treasury stock	4530	4530
Other capital	4540	4540
Retained earnings	4550	4550

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9418, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5688, Feb. 6, 2002, §32.4000 was redesignated as §32.3999 and new §32.4000 was added, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the added text is set forth as follows:

§ 32.4000 Current accounts and notes payable.

(a) This account shall include:(1) All amounts currently due to others for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, material and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts. It shall also include amounts of taxes payable that have been withheld from employees' salaries.

(2) Accounts payable arising from sharing of revenues.

(3) The face amount of notes, drafts, and other evidences of indebtedness issued or assumed by the company (except interest coupons) which are payable on demand or not more than one year or less from date of issue.

(b) If any part of an obligation, otherwise includable in this account matures more than one year from date of issue, it shall be included in Account 4200, Long term debt and funded debt, or other appropriate account.

(c) The records supporting the entries to this account shall be kept so that the company can furnish complete details as to each note, when it is issued, the consideration received, and when it is payable.

(d) Subsidiary record categories shall be maintained for this account in order that the company may separately report the amounts

contained herein that relate to nonaffiliates and affiliates. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

§ 32.4010 Account payable.

(a) This account shall include all amounts currently due to others for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, material and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts. It shall also include amounts of taxes payable that have been withheld from employees' salaries.

(b) Subsidiary record categories shall be maintained for this account in order that the company may separately report the amounts contained herein that relate to nonaffiliates and affiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(c) There shall be included herein accounts payable arising from sharing of revenues.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, §32.4010 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4020 Notes payable.

(a) This account shall include the face amount of notes, drafts, and other evidences of indebtedness issued or assumed by the company (except interest coupons) which are payable on demand or not more than one year or less from date of issue.

(b) Subsidiary record categories shall be maintained for this account in order that the company may separately report the amounts contained herein that relate to nonaffiliates and affiliates. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

(c) If any part of an obligation, otherwise includable in this account matures more than one year from date of issue, it shall be included in Account 4210, Funded Debt, 4260, Advances from

Affiliated Companies, or other appropriate account.

(d) The records supporting the entries to this account shall be kept so that the company can furnish complete details as to each note, when it is issued, the consideration received, and when it is payable.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4020 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4030 Advance billing and payments.

This account shall include the amount of advance billing creditable to revenue accounts in future months; also advance payments made by prospective customers prior to the establishment of service. Amounts included in this account shall be credited to the appropriate revenue accounts in the months in which the service is rendered or cleared from this account as refunds are made.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4030 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4040 Customers' deposits.

(a) This account shall include the amount of cash deposited with the company by customers as security for the payment for telecommunications service.

(b) Advance payments made by prospective customers prior to the establishment of service shall be credited to Account 4030, Advance Billing and Payments.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4040 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4040 Customer's deposits.

* * * * *

(b) Advance payments made by prospective customers prior to the establishment of service shall be credited to Account 4130. Other current liabilities.

§ 32.4050 Current maturities—long-term debt.

This account shall include the amount (including any obligations for premiums) of long-term debt matured and unpaid without any specific agreement for extension of maturity, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4050 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4060 Current maturities—capital leases.

This account shall include the current portion of obligations applicable to property obtained under capital leases.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4060 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4070 Income taxes—accrued.

(a) This account shall be credited or charged and the following accounts shall be charged or credited with the offsetting amount of current year income taxes (Federal, state and local) accrued during the period or adjustments to prior accruals:

- 7220 Operating Federal Income Taxes
- 7230 Operating State and Local Income Taxes
- 7420 Nonoperating Federal Income Taxes
- 7430 Nonoperating State and Local Income Taxes
- 7630 Current Income Tax Effect of Extraordinary Items—Net

(b) If significant, current year income taxes paid in advance shall be reclassified to Account 1300, Prepaid Taxes.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4070 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4070 Income taxes—accrued.

(a) This account shall be credited or charged and the following accounts shall be

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charged or credited with the offsetting amount of current year income taxes (Federal, state and local) accrued during the period or adjustments to prior accruals: 7220 Operating Federal Income Taxes, 7230 Operating State and Local Income Taxes, 7400 Nonoperating Taxes, 7600 Extraordinary Items.

(b) If significant, current year income taxes paid in advance shall be reclassified to Account 1280, Prepayments.

§32.4080 Other taxes—accrued.

(a) This account shall be credited or charged and Account 7240, Operating Other Taxes, or 7440, Nonoperating Other Taxes, or, for payroll related costs, the appropriate expense accounts shall be charged or credited for all taxes, other than Federal, State and local income taxes, accrued or adjusted for previous accruals during the period. Among the taxes includable in this account are property, gross receipts, franchise, capital stock, social security and unemployment taxes.

(b) Taxes paid in advance of the period in which they are chargeable to income shall be included in the prepaid taxes Account 1300, Prepaid Taxes, or 1410, Other Noncurrent Assets, as appropriate.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002. §32.4080 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§32.4080 Other taxes—accrued.

(a) This account shall be credited or charged and Account 7240, Operating Other Taxes, or 7400, Nonoperating Taxes, or, for payroll related costs, the appropriate expense accounts shall be charged or credited for all taxes, other than Federal, State and local income taxes, accrued or adjusted for previous accruals during the period. Among the taxes includable in this account are property, gross receipts, franchise, capital stock, social security and unemployment taxes.

(b) Taxes paid in advance of the period in which they are chargeable to income shall be included in the prepaid taxes Account 1280, Prepayments, or 1410, Other Noncurrent Assets, as appropriate.

§32.4100 Net current deferred operating income taxes.

(a) This account shall include the balance of income tax expense related to current items from regulated oper-

ations which have been deferred to later periods as a result of the normalized method of accounting for tax differentials authorized by this Commission and not provided for elsewhere.

(b) As regulated assets or liabilities which generated the deferred income tax are reclassified from long-term or noncurrent status to current, the appropriate deferred income tax shall be reclassified from Account 4340, Net Noncurrent Deferred Operating Income Taxes, to this account.

(c) This account shall be debited or credited with the amount being debited or credited to Account 7250, Provision For Deferred Operating Income Taxes—Net, in accordance with that account's description and §32.22 of subpart B.

(d) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary differences.

(e) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9419, Feb. 28, 1994]

§32.4110 Net current deferred nonoperating income taxes.

(a) This account shall include the balance of income tax expense resulting from comprehensive interpreted tax allocation which has been deferred to later periods.

(b) As other assets or liabilities which generated the deferred income tax are reclassified from long-term or noncurrent status to current, the appropriate deferred income tax shall be reclassified from Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, to this account.

(c) This account shall be debited or credited with the amount being credited or debited to Account 7450, Provision For Deferred Nonoperating Income Taxes—Net, in accordance with that

§ 32.4120

account's description and § 32.22 of Subpart B.

(d) This account shall also include the balance of the income taxes (Federal, state and local) related to current extraordinary items which have been deferred to later periods resulting from comprehensive interperiod tax allocation.

(e) As the extraordinary item which generated the deferred income tax becomes current, the appropriate deferred income tax shall be reclassified from Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, to this account.

(f) This account shall be debited or credited with the amount being credited and debited to Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.

(g) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary differences.

(h) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9419, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4110 was amended by revising paragraphs (c) and (f), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4110 Net current deferred nonoperating income taxes.

* * * * *

(c) This account shall be debited or credited with the amount being credited or debited to Account 7400, Nonoperating taxes, in accordance with that account's description and § 32.22.

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(f) This account shall be debited or credited with the amount being credited and debited to Account 7600, Extraordinary Items.

* * * * *

§ 32.4120 Other accrued liabilities.

(a) This account shall include the amount of wages, compensated absences, interest on indebtedness of the company, dividends on capital stock, and rents accrued to the date for which the balance sheet is made, but not payable until after that date.

(b) This account shall be maintained so as to show separately the amount and nature of the items accrued to the date of the balance sheet.

(c) Matured rents, dividends and interest shall be included in Account 4010, Accounts Payable.

(d) Interest payable under monthly settlements on short-term loans, advances, and open accounts shall be included in Account 4010.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4120 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4130 Other current liabilities.

This account shall include liabilities of current character which are not includable in Accounts 4010 through 4120.

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb. 6, 2002, § 32.4130 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4130 Other current liabilities.

This account shall include:

(a) The amount of advance billing creditable to revenue accounts in future months; also advance payments made by prospective customers prior to the establishment of service. Amounts included in this account shall be credited to the appropriate revenue accounts in the months in which the service is rendered or cleared from this account as refunds are made.

(b) The amount (including any obligations for premiums) of long-term debt matured and unpaid without any specific agreement for extension of maturity, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

(c) The current portion of obligations applicable to property obtained under capital leases.

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(d) The amount of wages, compensated ab-
sences, interest on indebtedness of the com-
pany, dividends on capital stock, and rents
accrued to the date for which the balance
sheet is made, but not payable until after
that date. Accruals shall be maintained so as
to show separately the amount and nature of
the items accrued to the date of the balance
sheet.

(e) Matured rents, dividends, interest pay-
able under monthly settlements on short-
term loans, advances, and open accounts
shall be included in Account 4000.

(f) All other liabilities of current character
which are not included in Account 4000
through 4110.

§ 32.4200 Long term debt and funded debt.

(a) This account shall include:

(1) The total face amount of
unmatured debt maturing more than
one year from date of issue, issued by
the company and not retired, and the
total face amount of similar
unmatured debt of other companies,
the payment of which has been as-
sumed by the company, including fund-
ed debt the maturity of which has been
extended by specific agreement. This
account shall also include such items
as mortgage bonds, collateral trust
bonds, income bonds, convertible debt,
debt securities with detachable war-
rants and other similar obligations ma-
turing more than one year from date of
issue.

(2) The premium associated with all
classes of long-term debt. Premium, as
applied to securities issued or assumed
by the company, means the excess of
the current money value received at
their sale over the sum of their book or
face amount and interest or dividends
accrued at the date of the sale.

(3) The discount associated with all
classes of long-term debt. Discount, as
applied to securities issued or assumed
by the company, means the excess of
the book or face amount of the securi-
ties plus interest or dividends accrued
at the date of the sale over the current
money value of the consideration re-
ceived at their sale.

(4) The face amount of debt reac-
quired prior to maturity that has not
been retired. Gain or loss shall be rec-
ognized at the time of reacquisition by
credits or charges to Account 7300,
Nonoperating income and expense, ex-
cept that material gains or losses shall

be treated as extraordinary. (See Ac-
count 7600, Extraordinary items.)

(5) The noncurrent portion of obliga-
tions applicable to property obtained
under capital leases. Amounts subject
to current settlement shall be included
in Account 4130, Other current liabil-
ities.

(6) The amount of advance from af-
filiated companies. Amounts due affil-
ated companies which are subject to
current settlement shall be included in
Account 4000.

(7) Investment advances, including
those represented by notes.

(8) Long-term debt not provided for
elsewhere.

(b) Subsidiary records shall be main-
tained for each issue. The subsidiary
records shall identify the premium or
discount attributable to each issue.

(c) Premiums and discounts on long-
term debt recorded in this account
shall be amortized monthly by the in-
terest method and charged or credited,
as appropriate, to Account 7500, Inter-
est and related items.

(d) Debt securities with detachable
warrants shall be accounted for in ac-
cordance with generally accepted ac-
counting principles.

(e) Securities maturing in one year
or less, including securities maturing
serially, shall be included in Account
4130, Other current liabilities.

[67 FR 5689, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 67 FR 5689, Feb.
6, 2002, § 32.4200 was added, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.4210 Funded debt.

(a) This account shall include the
total face amount of unmatured debt,
maturing more than one year from
date of issue, issued by the company
and not retired, and the total face
amount of similar unmatured debt of
other companies, the payment of which
has been assumed by the company, in-
cluding funded debt the maturity of
which has been extended by specific
agreement.

(b) This account shall include such
items as mortgage bonds, collateral
trust bonds, income bonds, convertible
debt, debt securities with detachable
warrants and other similar obligations

maturing more than one year from date of issue.

(c) In the case of debt securities with detachable warrants this account shall include only the face amount of the security at the time of issuance. The value of detachable warrants shall be charged to either Account 4220, Premium on Long-Term Debt, or Account 4230, Discount on Long-Term Debt, as appropriate, and credited to Account 4520, Additional Paid-in Capital, in the case of capital stock warrants or retained in this account as a separately identifiable amount in the case of detachable long-term debt warrants. No similar allocation shall be made for the issuance of either convertible debt or debt securities with non-detachable warrants.

(d) Subsidiary records shall be maintained for each issue.

(e) Securities maturing in one year or less, including securities maturing serially, shall be included in Account 4050, Current Maturities—Long-Term Debt.

(f) Investment advances, including those represented by notes, shall be included in Account 4270, Other Long-Term Debt.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, §32.4210 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4220 Premium on long-term debt.

(a) This account shall include the premium associated with all classes of long-term debt. Premium, as applied to securities issued or assumed by the company, means the excess of the current money value received at their sale over the sum of their book or face amount and interest or dividends accrued at the date of the sale.

(b) Amounts included in this account shall be amortized monthly by the interest method and credited to Account 7510, Interest on Funded Debt. (Note also §32.4210(c) of this subpart.)

(c) Subsidiary records shall be maintained to identify the premium attributable to each issue.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, §32.4220 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4230 Discount on long-term debt.

(a) This account shall include the discount associated with all classes of long-term debt. Discount, as applied to securities issued or assumed by the company, means the excess of the book or face amount of the securities plus interest or dividends accrued at the date of the sale over the current money value of the consideration received at their sale.

(b) Amounts included in this account shall be amortized monthly by the interest method and charged to Account 7510, Interest On Funded Debt. (Note also §32.4210(c) of this subpart.)

(c) Subsidiary records shall be maintained to identify the discount attributable to each issue.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, §32.4230 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4240 Reacquired debt.

This account shall include the face amount of debt reacquired prior to maturity that has not been retired. Gain or loss shall be recognized at the time of reacquisition by credits or charges to Account 7360, Other Nonoperating Income, except that material gains or losses shall be treated as extraordinary. (See Accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges.)

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, §32.4240 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4250 Obligations under capital leases.

(a) This account shall include the noncurrent portion of obligations applicable to property obtained under capital leases.

(b) Amounts subject to current settlement shall be included in Account 4060, Current Maturities—Capital Leases.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, §32.4250 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

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§ 32.4260 Advances from affiliated companies.

(a) This account shall include the amount of advance from affiliated companies.

(b) Amounts due affiliated companies which are subject to current settlement shall be included in Account 4010 or 4020, as appropriate.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4260 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4270 Other long-term debt.

This account shall include long-term debt not provided for elsewhere.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4270 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4300 Other long-term liabilities and deferred credits.

(a) This account shall include amounts accrued to provide for such items as unfunded pensions (if actuarially determined), death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere. Subsidiary records shall be maintained to identify the nature of these items.

(b) This account shall include the amount of all deferred credits not provided for elsewhere, such as amounts awaiting adjustment between accounts; and revenue, expense, and income items in suspense.

[67 FR 5690, Feb. 6, 2002]

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4300 was added, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4310 Other long-term liabilities.

(a) This account shall include amounts accrued to provide for such items as unfunded pensions (if actuarially determined), death benefits, deferred compensation costs and other long-term liabilities not provided for elsewhere.

(b) Subsidiary records shall be maintained to identify the nature of the items included herein.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4310 was removed, effective Aug. 6,

2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4320 Unamortized operating investment tax credits—net.

(a) This account shall be credited and Account 7210, Operating Investment Tax Credits—Net, should be debited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

(b) This account shall be debited and Account 7210 credited with a proportionate amount determined in relation to the period of time used for computing book depreciation on the property to which the tax credit relates.

§ 32.4330 Unamortized nonoperating investment tax credits—net.

(a) This account shall be credited and Account 7410, Nonoperating Investment Tax Credits—Net, shall be debited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be debited and Account 7410 credited with a proportionate amount determined in relation to the useful book life of the property to which the tax credit relates.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4330 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4330 Unamortized nonoperating investment tax credits—net.

(a) This account shall be credited and Account 7400, Nonoperating Taxes, shall be debited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be debited and Account 7400 credited with a proportionate amount determined in relation to the useful book life of the property to which the tax credit relates.

§ 32.4340 Net noncurrent deferred operating income taxes.

(a) This account shall include the balance of income tax expense related

to noncurrent items from regulated operations which have been deferred to later periods as a result of comprehensive interperiod tax allocation related to temporary differences that arise from regulated operations.

(b) This account shall be credited or debited, as appropriate, and Account 7250, Provision for Deferred Operating Income Taxes—Net, shall reflect the offset for the tax effect of revenues and expenses from regulated operations which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of revenues and expenses from regulated operations which have been included in the determination of book income prior to the inclusion in the determination of taxable income.

(c) As regulated assets or liabilities which generated the prepaid income tax or deferred income tax are reclassified from long-term or noncurrent status to current status, the appropriate deferred income tax shall be reclassified from this account to Account 4100, Net Current Deferred Operating Income Taxes.

(d) The classification of deferred income taxes as current or noncurrent shall follow the classification of the asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary difference.

(e) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9419, Feb. 28, 1994]

§ 32.4341 Net deferred tax liability adjustments.

(a) This account shall include the portion of deferred income tax charges and credits pertaining to Accounts 32.1437, Deferred Tax Regulatory Asset,

and 32.4361, Deferred Tax Regulatory Liability.

(b) This account shall be used to record adjustments to the accumulated deferred tax liabilities recorded in Accounts 4100 and 4340 for:

(1) Tax effects of temporary differences accounted for under the flow-through method or treated as permanent differences.

(2) Reclassification attributable to changes in tax rates (Federal, state and local). As tax rates increase or decrease, the offsetting debit or credit will be recorded in Account 1437 and/or 4361 as required by paragraph (a) of this section.

(3) The tax effects of carryforward net operating losses and carryforward investment tax credits expected to reduce future taxes payable that are reported in published financial statements.

(4) Reversals of the tax effects of carryforward net operating losses and carryforward investment tax credits previously recorded in this account at the time they become recognized as reductions in current taxable income and current taxes payable on tax returns.

(c) This account shall be exempt from the vintage year detail record requirements of § 32.22(e)(2).

[59 FR 9419, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4341 was amended by revising paragraphs (a) and (b)(2), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4341 Net deferred tax liability adjustments.

(a) This account shall include the portion of deferred income tax charges and credits pertaining to Account 32.4361, Deferred tax regulatory adjustments—net.

(b) * * *

(2) Reclassification attributable to changes in tax rates (Federal, state and local). As tax rates increase or decrease, the offsetting debit or credit will be recorded in Account 4361 as required by paragraph (a) of this section.

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Tax Regulatory

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§ 32.4350 Net noncurrent deferred non-operating income taxes.

(a) This account shall include the balance of income tax expense (Federal, state, and local) that has been deferred to later periods as a result of comprehensive interperiod allocation related to nonoperating differences.

(b) This account shall be credited or debited, as appropriate, and Account 7450, Provision for Deferred Nonoperating Income Taxes—Net, shall reflect the offset for the tax effect of revenues from other operations and extraordinary items and nonoperating expenses which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of nonoperating expenses and extraordinary items and nonoperating income which have been included in the determination of book income prior to the inclusion in the determination of taxable income.

(c) As other assets or liabilities which generated the prepaid income tax or deferred income tax are reclassified from long-term or non-current status to current status, the appropriate deferred income tax shall be reclassified from this account to account 4110, Net Current Deferred Nonoperating Income Taxes.

(d) This account shall also include the balance of the income tax effect (Federal, State and local) related to noncurrent extraordinary items which have been included in the determination of taxable income in a period different from when it is included in the determination of book income, that is, more than one year.

(e) This account shall be charged or credited with the contra amount recorded to Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net, in accordance with § 32.22 of subpart B.

(f) As the extraordinary item which generated the deferred income tax becomes current, the appropriate deferred income tax shall be reclassified from this account to Account 4110, Net Current Deferred Nonoperating Income Taxes.

(g) The classification of deferred income taxes as current or noncurrent shall follow the classification of the

asset or liability that gave rise to the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turnaround of the temporary difference.

(h) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that are property related and those that are nonproperty related. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 9419, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4350 was amended by revising paragraphs (b) and (e), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4350 Net noncurrent deferred nonoperating income taxes.

* * * * *

(b) This account shall be credited or debited, as appropriate, and Account 7400, Nonoperating Taxes, shall reflect the offset for the tax effect of revenues from other operations and extraordinary items and nonoperating expenses which have been included in the determination of taxable income, but which will not be included in the determination of book income or for the tax effect of nonoperating expenses and extraordinary items and nonoperating income which have been included in the determination of book income prior to the inclusion in the determination of taxable income.

* * * * *

(e) This account shall be charged or credited with the contra amount recorded to Account 7600, Extraordinary Items, in accordance with § 32.22.

* * * * *

§ 32.4360 Other deferred credits.

This account shall include the amount of all deferred credits not provided for elsewhere, such as amounts awaiting adjustment between accounts; and revenue, expense, and income items in suspense.

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4360 was removed, effective Aug. 6,

§ 32.4361

2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.4361 Deferred tax regulatory liability.

(a) This account shall include amounts of probable future revenue reductions attributable to future decreases in taxes payable. As reductions occur, amounts recorded in this account shall be reduced with a debit entry and a credit entry to Account 4341, Net Deferred Tax Liability Adjustments.

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance. If the cumulative effect on such adjustments reduces the account to a net debit balance, such balance shall be reclassified to Account 1437.

[59 FR 9419, Feb. 28, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4361 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4361 Deferred tax regulatory adjustments—net.

(a) This account shall include amounts of probable future revenue for the recovery of future increases in taxes payable and amounts of probable future revenue reductions attributable to future decreases in taxes payable. As reductions or reversals occur, amounts recorded in this account shall be reduced or increased, with a contra entry being made to Account 4341, Net deferred tax liability adjustments.

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance.

§ 32.4370 Other jurisdictional liabilities and deferred credits—net.

This account shall include the cumulative impact on liabilities and deferred credits of the jurisdictional rate-making practices which vary from those of this Commission. All entries recorded in this account shall be recorded net of any applicable income tax effects and shall be supported by appropriate subsidiary records where

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necessary as provided for in § 32.13 of subpart B.

§ 32.4510 Capital stock.

(a) This account shall include the par value, stated amount, or in the case of no-par stock, the amount received for capital stock issued and outstanding.

(b) Subsidiary records shall be maintained so as to show separately each class of stock.

(c) This account shall be charged with the book amount of any stock retired.

§ 32.4520 Additional paid-in capital.

(a) This account shall include the difference between the net proceeds (including discount, premium and stock issuance expense) received from the issuance of capital stock and the amount includable in Account 4510, Capital Stock, unless such difference results in a debit balance for that class of stock, in which case the amount shall be charged to Account 4550, Retained Earnings.

(b) This account shall also include gains arising from the retirement and cancellation of capital stock. Losses from the retirement and cancellation of capital stock shall be charged to this account to the extent that there exist credits in this account for the same class of stock; otherwise to Account 4550.

§ 32.4530 Treasury stock.

This account shall include the cost of the company's own capital stock which has been issued and subsequently reacquired but not retired or resold.

§ 32.4540 Other capital.

This account shall include amounts which are credits arising from the donation by stockholders of the company's capital stock, capital recorded upon the reorganization or recapitalization of the company and temporary declines in the value of marketable securities held for investment purposes. (See also Account 1401 Investment in Affiliated Companies.)

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, § 32.4540 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For

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the convenience of the user, the revised text is set forth as follows:

§32.4540 Other capital.

This account shall include amounts which are credits arising from the donation by stockholders of the company's capital stock, capital recorded upon the reorganization or recapitalization of the company and temporary declines in the value of marketable securities held for investment purposes. (See also Account 1410, Other noncurrent assets).

§32.4550 Retained earnings.

(a) This account shall include the undistributed balance of retained earnings derived from the operations of the company and from all other transactions not includable in the other accounts appropriate for inclusion of stockholders' equity.

(b) Subsidiary records shall be maintained wherein are recorded all entries to retained earnings during the year such that the detail of the entries may be disclosed to the Commission.

Subpart D—Instructions For Revenue Accounts

§32.4999 General.

(a) Purpose of revenue accounts. The revenue accounts are intended to include the actual cash inflows (or equivalents) that have or will occur as a result of the company's ongoing major or central operations during the period. They will include the revenues which arise from furnishing regulated telecommunications services to others, from directory advertising, rentals of telecommunications assets and from providing other services which are directly associated with the provision of regulated telecommunications services.

(b) Deductions from revenue. Corrections of overcharges, authorized refunds of overcollections previously credited to revenue, authorized refunds and adjustments on account of failure in service, and other corrections shall be charged to the revenue account previously credited with the amounts involved.

(c) Commissions. Commissions paid to others or employees in place of compensation or salaries for services rendered, such as public telephone commissions, shall be charged to Account

6623, Customer Services, and not to the revenue accounts. Other commissions shall be charged to the appropriate expense accounts.

(d) Revenue recognition. Credits shall be made to the appropriate revenue accounts when such revenue is actually earned. When the billing cycle encompasses more than one accounting period, adjustments are necessary to properly recognize the revenue applicable to the current accounting period under report. Revenues recorded under the terms of two-tier contracts or other variable payment plans should be deferred, if necessary, and recognized ratably with expenses over the terms of the related contract. Any amounts deferred shall be credited to Account 4360, Other Deferred Credits.

(e) Contractual arrangements. Charges and credits resulting from activities associated with the provisions of regulated telecommunications services shall be recorded in a manner consistent with the nature of the underlying contractual arrangements. The charges and credits resulting from expense sharing or apportionment arrangements associated with the provision of regulated telecommunications services shall be recorded in the detailed regulated accounts. Charges and credits resulting from revenue settlement agreements or other revenue pooling arrangements associated with the provision of regulated telecommunications services shall be included in the appropriate revenue accounts. Those charges and credits resulting from contractual revenue pooling and/or sharing agreements shall be recorded in each prescribed revenue account and prescribed subsidiary record categories thereof to the extent that each is separately identifiable in the settlement process. It is not intended that settlement amounts be allocated or generally spread to the individual revenue accounts where they are not separately identifiable in the settlement process. When the settlement amounts are not identifiable by a revenue account they shall be recorded in Account 5069, Other Local Exchange Revenue Settlements, 5129, Other Long Distance Private Network Revenue Settlements, 5169, Other Long Distance

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Revenue Settlements, or 5269, Other Revenue Settlements, as appropriate.

(f) *Subsidiary records—jurisdictional subdivisions.* (1) Subsidiary record categories shall be maintained in order that the company may separately report revenues derived from charges imposed under intrastate, interstate and international tariff filings. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

(2) This jurisdictional subsidiary record requirement applies to all accounts except the Network Access Services Group where separate accounts have been established for Federal and state access revenues.

(g) *Structure of revenue accounts.* (1) The revenue section of the system of accounts shall be organized by revenue group summary account, account and subsidiary record category (if required).

(2) The revenue section of this system of accounts shall be comprised of five major groups—Local Network Services Revenues, Network Access Services Revenues, Long Distance Network Services Revenues, Miscellaneous Revenues, and Uncollectible Revenues, which shall be considered as a revenue group for the purposes of the construction of the system.

(3) Summary accounts within revenue groups shall be used to describe aggregations of two or more accounts having a certain commonality. Summary accounts are assigned numbers so that they may be used by Class A telephone companies to aggregate accounts for reporting purposes; and, as specifically directed, so that they may be used as accounts by Class B telephone companies.

(4) Accounts shall be maintained as prescribed in this Section subject to the conditions described in section 32.13 of subpart B. In certain instances, subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

(h) *Local Network Services revenues.* Local Network Services revenues (Accounts 5000-5069) shall include revenues derived from the provision of service and equipment entirely within the basic service area. That area is defined

as the normal boundaries for local calling plus Extended Area Service (EAS) boundaries as they apply to that service. It includes revenues derived from both local private network service and local public network services as well as from customer premises facilities services. Local revenues include associated charges such as one-time service connection or termination charges and secondary features such as call waiting.

(i) *Network Access revenues.* (1) Network Access revenues (Accounts 5080-5084) shall include revenues derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

(2) Billing and collections service provided under exchange access tariffs shall be included in the Miscellaneous Revenues Group.

(j) *Long Distance Network Service revenues.* Long Distance Network Service revenues shall include revenues derived from the provision of services beyond the basic service area, whether message or flat-rate and including public network switching as well as private.

(k) *Miscellaneous revenues.* Miscellaneous revenues are those revenues derived from the provision of regulated products and services provided under tariff or contract but not contained elsewhere. They shall also include operating revenue derived from activities performed incident to the company's tariffed telecommunications operations which, though non-tariffed, are included in the regulatory process.

(l) *Nonregulated revenues.* The non-regulated revenue account shall be used for nonregulated operating revenues when a nonregulated activity involves the common or joint use of assets or resources in the provision of regulated and nonregulated products or services as required in §32.23(c) of this subpart. Revenues from nontariffed activities offered incidental to tariffed services may be accounted for as regulated revenues, provided the activities are outgrowths of regulated operations and the revenues do not exceed, in the aggregate, one percent of total revenues for three consecutive years. Such

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ual for any company required to file a
Cost Allocation Manual.

(m) *Uncollectible revenues.*
Uncollectible revenues shall include
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(n) *Revenue accounts to be maintained.*

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Account title	Class A account	Class B account
Local Network Services Revenues:		
Basic local service revenue	5000	5000
Basic area revenue	5001	
Optional extended area revenue	5002	
Cellular mobile revenue	5003	
Other mobile services revenue ..	5004	
Local private line revenue	5040	
Customer premises revenue	5050	
Other local exchange revenue ...	5060	
Other local exchange revenue settlements	5069	
Network Access Services Revenues:		
Network access revenue	5080	5080
End user revenue	5081	5081
Switched access revenue	5082	5082
Special access revenue	5083	5083
State access revenue	5084	5084
Long Distance Network Services Revenues:		
Long distance message revenue	5100	5100
Unidirectional long distance revenue	5110	
Long distance inward-only revenue	5111	
Long distance outward-only revenue	5112	
Long distance private network revenue	5120	
Subvoice grade long distance private network revenue	5121	
Voice grade long distance private network revenue	5122	
Audio program grade long distance private network revenue	5123	
Video program grade long distance private network revenue	5124	
Digital transmission long distance private network revenue	5125	
Long distance private network switching revenue	5126	
Other long distance private network revenue	5128	
Other long distance private network revenue settlements	5129	
Other long distance revenue	5160	
Other long distance revenue settlements	5169	
Miscellaneous Revenues:		
Miscellaneous revenue		5200
Directory revenue	5230	
Rent revenue	5240	
Corporate operations revenue	5250	
Miscellaneous revenue	5260	
Special billing arrangements revenue	5261	
Customer operations revenue	5262	
Plant operations revenue	5263	
Other incidental regulated revenue	5264	
Other revenue settlements	5269	

Account title	Class A account	Class B account
Carrier billing and collection revenue	5270	
Nonregulated Revenues:		
Nonregulated operating revenue	5280	5280
Uncollectible Revenues:		
Uncollectible revenue	5300	5300
Uncollectible revenue—Telecommunications	5301	
Uncollectible revenue—Other	5302	

¹To be used by Class A telephone companies to summarize accounts for reporting purposes.

[51 FR 43499, Dec. 2, 1986, as amended at 53 FR 49322, Dec. 7, 1988; 59 FR 46930, Sept. 13, 1994; 64 FR 50008, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5690, Feb. 6, 2002, §32.4999 was amended by revising paragraphs (c), (d), (e), (g)(2), (h), (i)(1), and (n), removing paragraphs (f)(2) and (g)(3), redesignating paragraph (f)(1) as (f), and by redesignating paragraph (g)(4) as (g)(3), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.4999 General.

* * * * *

(c) *Commissions.* Commissions paid to others or employees in place of compensation or salaries for services rendered, such as public telephone commissions, shall be charged to Account 6620 Services, and not to the revenue accounts. Other commissions shall be charged to the appropriate expense accounts.

(d) *Revenue recognition.* Credits shall be made to the appropriate revenue accounts when such revenue is actually earned. When the billing cycle encompasses more than one accounting period, adjustments are necessary to properly recognize the revenue applicable to the current accounting period under report. Revenues recorded under the terms of two-tier contracts or other variable payment plans should be deferred, if necessary, and recognized ratably with expenses over the terms of the related contract. Any amounts deferred shall be credited to Account 4300, Other long-term liabilities and deferred credits.

(e) *Contractual arrangements.* Charges and credits resulting from activities associated with the provisions of regulated telecommunications services shall be recorded in a manner consistent with the nature of the underlying contractual arrangements. The charges and credits resulting from expense sharing or apportionment arrangements associated with the provision of regulated telecommunications services shall be recorded in the detailed regulated accounts. Charges and credits resulting from revenue settlement

§ 32.5000

agreements or other revenue pooling arrangements associated with the provision of regulated telecommunications services shall be included in the appropriate revenue accounts. Those charges and credits resulting from contractual revenue pooling and/or sharing agreements shall be recorded in each prescribed revenue account and prescribed subsidiary record categories thereof to the extent that each is separately identifiable in the settlement process. It is not intended that settlement amounts be allocated or generally spread to the individual revenue accounts where they are not separately identifiable in the settlement process. When the settlement amounts are not identifiable by a revenue account they shall be recorded in Account 5060. Other basic area revenue, 5105, Long distance message revenue, or 5200, Miscellaneous revenue, as appropriate.

* * * * *

(g) * * *

(2) The revenue section of this system of accounts shall be comprised of six major groups—Local Network Services Revenues, Network Access Services Revenues, Long Distance Network Services Revenues, Miscellaneous Revenues, Nonregulated revenues, and Uncollectible Revenues, which shall be

considered as a revenue group for the purposes of the construction of the system.

* * * * *

(h) *Local Network Services revenues.* Local Network Services revenues (Accounts 5001 through 5060) shall include revenues derived from the provision of service and equipment entirely within the basic service area. That area is defined as the normal boundaries for local calling plus Extended Area Service (EAS) boundaries as they apply to that service. It includes revenues derived from both local private network service and local public network services as well as from customer premises facilities services. Local revenues include associated charges such as one-time service connection or termination charges and secondary features such as call waiting.

(i) *Network Access revenues.* (1) Network Access revenues (Accounts 5081-5083) shall include revenues derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

* * * * *

(n) Revenue accounts to be maintained.

Account title	Class A account	Class B account
Local network services revenues:		
Basic local service revenue		5000
Basic area revenue	5001	
Private line revenue	5040	
Other basic area revenue	5060	
Network access service revenues:		
End user revenue	5081	5081
Switched access revenue	5082	5082
Special access revenue	5083	5083
Long distance network services revenues:		
Long distance message revenue	5105	5105
Miscellaneous revenues:		
Miscellaneous revenue	5200	5200
Nonregulated revenues:		
Nonregulated operating revenue	5280	5280
Uncollectible revenues:		
Uncollectible revenue	5300	5300

§ 32.5000 **Basic local service revenue.**

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5001 through 5004. Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5001 through 5069.

EFFECTIVE DATE NOTE: At 67 FR 5691, Feb. 6, 2002. § 32.5000 was revised, effective Aug. 6,

2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5000 **Basic local service revenue.**

Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5001 through 5060.

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Class A account	Class B account
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5082	5082
5083	5083
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5200	5200
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5300	5300

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§ 32.5001 Basic area revenue.

(a) This account shall include revenue derived from the provision of basic area message services such as flat rate services and measured services. Included is revenue derived from non-optional extended area services. Also included is revenue derived from the billed or guaranteed portion of semi-public services.

(b) Revenue derived from charges for nonpublished number or additional and boldfaced listings in the alphabetical section of the company's telephone directories shall be included in Account 5230, Directory Revenue.

EFFECTIVE DATE NOTE: At 67 FR 5691, Feb. 6, 2002, § 32.5001 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5001 Basic area revenue.

(a) This account shall include revenue derived from the provision of the following:

(1) Basic area message services such as flat rate services and measured services. Included is revenue derived from non-optional extended area services. Also included is revenue derived from the billed or guaranteed portion of semi-public services.

(2) Optional extended area service.

(3) Cellular mobile telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area.

(4) General radio telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area, as well as revenue from mobile radio paging, mobile dispatching, and signaling services.

(b) Revenue derived from charges for non-published number or additional and boldfaced listings in the alphabetical section of the company's telephone directories shall be included in Account 5200, Miscellaneous revenue.

(c) Revenue from private mobile telephone services which do not have access to the public switched network shall be included in Account 5200, Miscellaneous revenue.

§ 32.5002 Optional extended area revenue.

This account shall include total revenue derived from the provision of optional extended area service.

§ 32.5003 Cellular mobile revenue.

This account shall include message revenue derived from cellular mobile telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area.

§ 32.5004 Other mobile services revenue.

(a) This account shall include message revenue derived from general radio telecommunications systems connected to the public switched network placed between mobile units and other stations within the mobile service area, as well as revenue from mobile radio paging, mobile dispatching, and signaling services.

(b) Revenue from private mobile telephone services which do not have access to the public switched network shall be included in Account 5264, Other Incidental Regulated Revenue.

EFFECTIVE DATE NOTE: At 67 FR 5691, Feb. 6, 2002, § 32.5004 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5040 Local private line revenue.

This account shall include revenue derived from local services that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications). It includes revenue from subvoice grade, voice grade, audio and video program grade, digital transmission and local private network switching as well as the revenue from administrative and operational support services associated with private network services and facilities, e.g., charges for company-directed testing, expedited installation, and service restoration priority.

EFFECTIVE DATE NOTE: At 67 FR 5691, Feb. 6, 2002, § 32.5040 was amended by revising the section heading, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5050

§ 32.5040 Private line revenue.

* * * * *

§ 32.5050 Customer premises revenue.

This account shall include revenue derived from tariffed information origination/termination plant. Included is revenue derived from the provision under leasing arrangements of tariffed customer premises equipment (CPE), terminal equipment, station apparatus and large private branch exchanges as well as tariffed nonrecurring charges related solely to station apparatus. Also included are all tariffed charges for customer premises activities and facilities not related solely to station apparatus.

EFFECTIVE DATE NOTE: At 67 FR 5691, Feb. 6, 2002, § 32.5050 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5060 Other local exchange revenue.

This account shall include revenue from the provision of secondary features which are integrated with the telecommunications network such as call forwarding, call waiting and touch-tone line service. Also included is revenue derived from the provision of public announcement and other record message services, directory assistance and other call completion services (excluding operator assisted basic long distance calls), as well as revenue derived from central office related service connection and termination charges, and other non-premise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5691, Feb. 6, 2002, § 32.5060 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5060 Other basic area revenue.

This account shall include:

(a) Revenue from the provision of secondary features which are integrated with the telecommunications network such as call forwarding, call waiting and touch-tone

line service. Also included is revenue derived from the provision of public announcement and other record message services, directory assistance and other call completion services (excluding operator assisted basic long distance calls), as well as revenue derived from central office related service connection and termination charges, and other non-premise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

(b) Charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed local network services only when they are not separately identifiable by local network services revenue accounts in the settlement process. (See also § 32.4999(e)). To the extent that the charges and credits resulting from a settlement process can be identified by Local Network Services Revenue account they shall be recorded in the applicable account.

(c) Revenue derived from tariffed information origination/termination plant. Included is revenue derived from the provision under leasing arrangements of tariffed customer premises equipment (CPE), terminal equipment, station apparatus and large private branch exchanges as well as tariffed non-recurring charges related solely to station apparatus. Also included are all tariffed charges for customer premises activities and facilities not related solely to station apparatus.

§ 32.5069 Other local exchange revenue settlements.

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed local network services only when they are not separately identifiable by local network services revenue accounts in the settlement process. (See also § 32.4999(e) of this subpart.) To the extent that the charges and credits resulting from a settlement process can be identified by Local Network Services Revenue account they shall be recorded in the applicable account.

EFFECTIVE DATE NOTE: At 67 FR 5692, Feb. 6, 2002, § 32.5069 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5080 Network access revenue.

(a) This account number shall be used by Class A and Class B telephone companies to summarize for reporting purposes the contents of Accounts 5081 through 5084. It shall include revenue

derived from access service carrier or communication exchange c

(b) Account 5081 is a federally tariffed account

EFFECTIVE DATE NOTE: At 67 FR 20052, Apr. 24, 2002, the effective date was

§ 32.5081

This account shall be used for all access charges assessed upon

EFFECTIVE DATE NOTE: At 67 FR 20052, Apr. 24, 2002, the effective date was

§ 32.5081 E

(a) This account shall be used for all access charges assessed upon

(b) Subscriptions shall be maintained separately and state tax

§ 32.5082

(a) This account shall be used for all access charges assessed upon interexchange local exchange

(b) Subscriptions shall be maintained separately and state tax amounts to limited long distance switching mon trans Such subscriptions be report this Com tions.

EFFECTIVE DATE NOTE: At 67 FR 20052, Apr. 24, 2002, the effective date was

§ 32.5082

(a) This account shall be used for all access charges assessed upon

is revenue derived from public announcement services, directory completion services and basic long distance revenue derived from local connection and other non-premise services associated with this account shall not be provided for in

resulting from congestion and/or sharing of local network services separately identified services revenue process. (See also that the charges for a settlement procedure for Network Services shall be recorded

tariffed information plan. Included in the provision under tariffed customer terminal equipment and large private lines as tariffed non-solely to station are all tariffed services activities and revenue to station appa-

exchange revenue

include the resulting from congestion and/or sharing of local network services are not separately local network services in the settlement so §32.4999(e) of extent that the resulting from a revenue be identified by Revenue recorded in the ap-

At 67 FR 5692, Feb. 6, 2002, effective Aug. 6, 2002, the effective date was delayed until Jan. 1, 2003.

Revenue

Revenue shall be class B telephone revenue for reporting of Accounts 5081 include revenue

derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications services beyond the exchange carrier's network.

(b) Accounts 5081 through 5083 are for federally tariffed access charges while Account 5084 is to be used for state tariffed access charges.

EFFECTIVE DATE NOTE: At 67 FR 5692, Feb. 6, 2002, §32.5080 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5081 End user revenue.

This account shall contain the federally tariffed monthly flat rate charge assessed upon end users.

EFFECTIVE DATE NOTE: At 67 FR 5692, Feb. 6, 2002, §32.5081 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5081 End user revenue.

(a) This account shall contain federally and state tariffed monthly flat rate charge assessed upon end users.

(b) Subsidiary record categories shall be maintained in order that the company may separately report amounts related to federal and state tariffed charges.

§ 32.5082 Switched access revenue.

(a) This account shall consist of federally tariffed charges assessed to interexchange carriers for access to local exchange facilities.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to limited pay telephone, carrier common line, line termination, local switching, intercept, information, common transport and dedicated transport. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5692, Feb. 6, 2002, §32.5082 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5082 Switched access revenue.

(a) This account shall consist of federally and state tariffed charges assessed to inter-

exchange carriers for access to local exchange facilities.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to limited pay telephone, carrier common line, line termination, local switching, intercept, information, common transport and dedicated transport. The subsidiary records shall also separately show the federal and state tariffed charges. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

§ 32.5083 Special access revenue.

(a) This account shall include all federally tariffed charges assessed for other than end user or switched access charges referred to in Account 5081, End User Revenue, and Account 5082, Switched Access Revenue.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to recurring charges, nonrecurring charges and surcharges. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5692, Feb. 6, 2002, §32.5083 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5083 Special access revenue.

(a) This account shall include all federally and state tariffed charges assessed for other than end user or switched access charges referred to in Account 5081, End user revenue, and Account 5082, Switched access revenue.

(b) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to recurring charges, non-recurring charges and surcharges. The subsidiary records shall also separately show the federal and state tariffed charges. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

§ 32.5084 State access revenue.

(a) This account shall include all state tariffed charges assessed by local exchange carriers upon interexchange carriers and end users for access to the local exchange network for intrastate telecommunications.

(b) Billing and collections services provided under exchange access tariffs

phones, as well as assistance or speed to the complete account shall also from individually ordered under calling distance) which do s lines, as well as ong distance rates charge is on a per ue derived from ges for obtaining e included in this ludes revenue de- vices:

es which permit subscriber from ultipoint-to-point e the use of dedi- ing a subscriber's d central office. nes are generally ired for the sub- calls. The call is ven though it is subscriber's cus-

es which permit ephone calls from ified service areas e). These calls are or assistance and cated access line. is generally separ or inward message ed to place calls ea or calls outside Outward calls are etermine whether uthorized service

beyond the basic edicated circuits. gements, and/or ths, whether vir- ovide communica- ons (e.g., point- . Service connec- on charges, re- . etc., shall be in- ue derived from and operational be included in this

private network ished exclusively nications, such as etter, telewriter, remote metering,

uits and facilities wide-band) which es for the trans- . It includes rev- as voice, data and as well as remote rol, miscellaneous

signaling and channels furnished for the purpose of extending customer—provided communications systems. It includes revenue from the provision of facilities between customer premises and a serving office, a carrier distribution point, or an extension distribution channel.

(3) Private network circuits and facilities furnished for audio program transmission purposes, such as radio broadcasting, sound recording (wired music) and loud speaker services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and a serving office, a carrier distribution point, or an extension distribution channel furnished in connection with such services. It also includes revenue from facilities furnished to carry the audio portion of a television program if furnished under separate audio rates. If the rate for television program services includes both the picture and sound portion of the transmission, the revenue shall also be included in this account.

(4) Private network circuits and facilities furnished for television program transmission purposes, such as commercial broadcast and educational or private television services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and a serving office, a carrier distribution point, or an extension distribution channel furnished in connection with such services. It also includes revenue from both the picture and sound portions of transmission for television program service when provided under a combined rate schedule.

(5) The provision of circuits and facilities for the transmission of digital signals only.

(6) The provision of common user channels and switching capabilities used for the transmission of telecommunication signals between three (3) or more points in the network. Also included is revenue derived from the provision of basic switching and transfer arrangements used to connect private line channels.

(7) Charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed long distance public network services and for tariffed long distance private network services.

§ 32.5110 Unidirectional long distance revenue.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5111 and 5112. It shall include revenue derived from long distance services which permit unidirectional calls to a subscriber from specified service areas or which permit the subscriber to place tele-

phone calls from one location to other specified services areas. It shall also include revenue derived from toll calling plans which embody flat-rate or measured time toll service. (See also Account 5100, Long Distance Message Revenue.)

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5110 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5111 Long distance inward-only revenue.

This account shall include the revenue derived from long distance services which permit unidirectional calls to a subscriber from specified services areas (multipoint-to-point service). These calls require the use of dedicated access lines connecting a subscriber's premises and a designated central office. These dedicated access lines are generally separate from those required for the subscriber to place outward calls. The call is billed to the subscriber even though it is generally initiated by the subscriber's customer or correspondent.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5111 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5112 Long distance outward-only revenue.

This account shall include revenue derived from long distance services which permit the subscriber to place telephone calls from one location to other specified service areas (point-to-multipoint service). These calls are completed without operator assistance and require the use of a dedicated access line. The dedicated access line is generally separate from those required for inward message services and cannot be used to place calls within the basic service area or calls outside the selected service areas. Outward calls are screened and blocked to determine whether the calls are within an authorized service area.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5112 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5120

§ 32.5120 Long distance private network revenue.

(a) This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5121 through 5129. It shall include revenue derived from services extending beyond the basic service area that involve dedicated circuits, private switching arrangements, and/or predefined transmission paths, whether virtual or physical, which provide communications between specific locations (e.g., point-to-point communications).

(b) Service connection charges, termination charges, rearrangements and changes, etc., shall be included in each account to which they apply. Revenue derived from associated administrative and operational support services shall be included in Account 5128, Other Long Distance Private Network Revenue.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5120 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5121 Subvoice grade long distance private network revenue.

This account which consists of revenue from narrow-band analog private network circuits and facilities furnished exclusively for record forms of communications, such as teletypewriter, teletypesetter, telewriter, ticker, Morse, signaling, remote metering, and supervisory services.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5121 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5122 Voice grade long distance private network revenue.

This account consists of revenue from private network circuits and facilities (including multipurpose wide-band) which provide voice grade services for the transmission of analog signals. It includes revenue from services such as voice, data and telephoto communication, as well as remote metering, supervisory control, miscellaneous signaling and channels furnished for the purpose of extending customer-provided communications systems. It includes revenue from the provision of

facilities between customer premises and (a) a serving office, (b) a carrier distribution point or (c) an extension distribution channel, except when furnished as a subscriber access line under an unidirectional long distance service (in which case the revenue should be included in Account 5111, Long Distance Inward-Only Revenue, or Account 5112, Long Distance Outward-Only Revenue.)

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5122 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5123 Audio program grade long distance private network revenue.

(a) This account consists of revenue from private network circuits and facilities furnished for audio program transmission purposes, such as radio broadcasting, sound recording (wired music) and loud speaker services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and (1) a serving office, (2) a carrier distribution point or (3) an extension distribution channel furnished in connection with such services. It also includes revenue from facilities furnished to carry the audio portion of a television program if furnished under separate audio rates.

(b) If the rate for television program services includes both the picture and sound portion of the transmission, the revenue shall be included in Account 5124, Video Program Grade Long Distance Private Network Revenue.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb. 6, 2002, § 32.5123 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5124 Video program grade long distance private network revenue.

This account consists of revenue from private network circuits and facilities furnished for television program transmission purposes, such as commercial broadcast and educational or private television services. It includes revenue from the provision of facilities for the transmission of analog signals between customer premises and (a) a serving office, (b) a carrier distribution point or (c) an extension

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agreements for tariffed long distance
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they are not identifiable by private
network services revenue account in
the settlement process. (See also
§32.4999(e) of this subpart.) To the ex-
tent that the charges and credits re-
sulting from a settlement process can
be identified by private network ser-
vices revenue account, they shall be re-
corded in the applicable account.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5124 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

**§ 32.5125 Digital transmission long dis-
tance private network revenue.**

This account consists of revenue
from the provision of circuits and fa-
cilities for the transmission of digital
signals only.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5129 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.5160 Other long distance revenue.

This account shall include long dis-
tance revenues not provided for else-
where.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5125 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

**§ 32.5126 Long distance private net-
work switching revenue.**

This account consists of revenue de-
rived from the provision of common
user channels and switching capabili-
ties used for the transmission of tele-
communication signals between three
(3) or more points in the network. Also
included is revenue derived from the
provision of basic switching and trans-
fer arrangements used to connect pri-
vate line channels.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5160 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

**§ 32.5169 Other long distance revenue
settlements.**

This account shall include the
charges and credits resulting from con-
tractual revenue pooling and/or sharing
agreements for tariffed long distances
public network services only when they
are not identifiable by long distance
public network services revenue ac-
counts in the settlement process. (See
also §32.4999(e) of this subpart.) To the
extent that the charges and credits re-
sulting from a settlement process can
be identified by long distance public
network services revenue account they
shall be recorded in the applicable ac-
count.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5126 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

**§ 32.5128 Other long distance private
network revenue.**

This account consists of revenue
from administrative and operation sup-
port services associated with private
network services and facilities, e.g.,
charges for company-directed testing,
expedited installation, and service res-
toration priority. Also included is
other private network services revenue
not provided for in other accounts.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5169 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.5200 Miscellaneous revenue.

Class B telephone companies shall
use this account for revenues of the
type and character required of Class A
companies in Accounts 5230 through
5270.

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5128 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

**§ 32.5129 Other long distance private
network revenue settlements.**

This account shall include the
charges and credits resulting from con-

EFFECTIVE DATE NOTE: At 67 FR 5693, Feb.
6, 2002, §32.5200 was revised, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
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the convenience of the user, the revised text is set forth as follows:

§ 32.5200 Miscellaneous revenue.

This account shall include revenue derived from the following:

(a) Alphabetical and classified sections of directories including fees paid by other entities for the right to publish the company's directories. It includes the classified section of the directories, the sale of new telephone directories whether they are the company's own directories or directories purchased from others. It also includes revenue from the sale of specially bound telephone directories and special telephone directory covers; amounts charged for additional and boldface listings, marginal displays, inserts, and other advertisements in the alphabetical of the company's telephone directories; and charges for unlisted and non-published telephone numbers.

(b) Rental or subrental to others of telecommunications plant furnished apart from telecommunications services rendered by the company (This revenue includes taxes when borne by the lessee). It includes revenue from the rent of such items as space in conduit, pole line space for attachments, and any allowance for return on property used in joint operations and shared facilities agreements. The expense of maintaining and operating the rented property, including depreciation and insurance, shall be included in the appropriate operating expense accounts. Taxes applicable to the rented property shall be included by the owner of the rented property in appropriate tax accounts. When land or buildings are rented on an incidental basis for non-telecommunications use, the rental and expenses are included in Account 7300, Nonoperating income and expense.

(c) Services rendered to other companies under a license agreement, general services contract, or other arrangement providing for the furnishing of general accounting, financial, legal, patent, and other general services associated with the provision of regulated telecommunications services.

(d) The provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of magnetic tapes, cards or statements. Special billing information provides detail in a format and/or at a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

(e) The performance of customer operations services for others incident to the company's regulated telecommunications operations which are not provided for elsewhere. (See also §§ 32.14(e) and 32.4999(e)).

(f) Contract services (plant maintenance) performed for others incident to the company's regulated telecommunications operations. This includes revenue from the inci-

dental performance of nontariffed operating and maintenance activities for others which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities. The records supporting the entries in this account shall be maintained with sufficient particularity to identify the revenue and associated Plant Specific Operations Expenses related to each undertaking. This account does not include revenue related to the performance of operation or maintenance activities under a joint operating agreement.

(g) The provision of billing and collection services to other telecommunications companies. This includes amounts charged for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements.

(h) Charges and credits resulting from contractual revenue pooling and/or sharing agreements for activities included in the miscellaneous revenue accounts only when they are not identifiable by miscellaneous revenue account in the settlement process. (See also § 32.4999(e)). The extent that the charges and credits resulting from a settlement process can be identified by miscellaneous revenue accounts they shall be recorded in the applicable account.

(i) The provision of transport and termination of local telecommunications traffic pursuant to section 251(c) and part 51 of this chapter.

(k) The provision of unbundled network elements pursuant to section 251(c) of the Communications Act and part 51 of this chapter.

(l) This account shall also include other incidental regulated revenue such as:

(1) Collection overages (collection shortages shall be charged to Account 66M, Services.)

(2) Unclaimed refunds for telecommunications services when not subject to escheats;

(3) Charges (penalties) imposed by the company for customer checks returned for non-payment;

(4) Discounts allowed customers for prompt payment;

(5) Late-payment charges;

(6) Revenue from private mobile telephone services which do not have access to the public switched network; and

(7) Other incidental revenue not provided for elsewhere in other Revenue accounts.

(i) Any definitely known amounts of losses of revenue collections due to fire or theft at customers' coin-box stations, at public or semipublic telephone stations, in the possession of collectors en route to collection offices, on hand at collection offices, and between collection offices and banks

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§ 32.5230 Directory revenue.

This account shall include revenue derived from alphabetical and classified sections of directories and shall also include fees paid by other entities for the right to publish the company's directories. Items to be included are:

(a) All revenue derived from the classified section of the directories;

(b) Revenue from the sale of new telephone directories whether they are the company's own directories or directories purchased from others. This shall also include revenue from the sale of specially bound telephone directories and special telephone directory covers;

(c) Amounts charged for additional and boldface listings, marginal displays, inserts, and other advertisements in the alphabetical of the company's telephone directories; and

(d) Changes for unlisted and non-published telephone numbers.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5230 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5240 Rent revenue.

(a) This account shall include revenues (including taxes when borne by the lessee) derived from the rental or subrental to others of telecommunications plant furnished apart from telecommunications services rendered by the company. It includes revenue from the rent of such items as space in conduit, pole line space for attachments, and any allowance for return on property used in joint operations and shared facilities agreements.

(b) The expense of maintaining and operating the rented property, including depreciation and insurance, shall be included in the appropriate operating expense accounts. Taxes applicable to the rented property shall be included by the owner of the rented property in appropriate tax accounts.

(c) When land or buildings are rented on an incidental basis for non-telecommunications use the rental and expenses are included in Account 7360, Other Nonoperating Income.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5240 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5250 Corporate operations revenue.

This account shall include revenue derived from services rendered to other companies under a license agreement, general services contract, or other arrangement providing for the furnishing of general accounting, financial, legal, patent, and other general services associated with the provision of regulated telecommunications services. (See also Accounts 5230 and 5270.)

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5250 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5260 Miscellaneous revenue.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5261 through 5269.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5260 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5261 Special billing arrangements revenue.

This account shall include revenue derived from the provision, either under tariff or through contractual arrangements, of special billing information to customers in the form of magnetic tapes, cards or statements. Special billing information provides detail in a format and/or at a level of detail not normally provided in the standard billing rendered for the regulated telephone services utilized by the customer.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5261 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5262 Customer operations revenue.

This account shall include revenue derived from the performance of customer operations services for others incident to the company's regulated telecommunications operations which are

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EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5262 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5263 Plant operations revenue.

(a) This account shall include revenue derived from contract services (plant maintenance) performed for others incident to the company's regulated telecommunications operations. This includes revenue from the incidental performance of nontariffed operating and maintenance activities for others which are similar in nature to those activities which are performed by the company in operating and maintaining its own telecommunications plant facilities.

(b) The records supporting the entries in this account shall be maintained with sufficient particularity to identify the revenue and associated Plant Specific Operations Expenses related to each undertaking.

(c) This account does not include revenue related to the performance of operation or maintenance activities under a joint operating agreement. (See also Account 5240.)

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5263 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5264 Other incidental regulated revenue.

(a) This account shall include the other incidental regulated revenue not provided for in other Revenues accounts. Such revenues to be included are:

(1) Collection overages (collection shortages shall be charged to Account 6623, Customer services.)

(2) Unclaimed refunds for telecommunications services when not subject to escheats;

(3) Charges (penalties) imposed by the company for customer checks returned for non-payment;

(4) Discounts allowed customers for prompt payment;

(5) Late-payment charges;

(6) Revenue from private mobile telephone services which do not have ac-

cess to the public switched network; and

(7) Other incidental revenue not provided for elsewhere in other Revenue accounts.

(b) Any definitely known amounts of losses of revenue collections due to fire or theft, (1) at customers' coin-box stations, (2) at public or semipublic telephone stations, (3) in the possession of collectors en route to collection offices, (4) on hand at collection offices, and (5) between collection offices and banks shall be charged to Account 6728, Other General and Administrative.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5264 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5269 Other revenue settlements.

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for activities included in the miscellaneous revenue accounts only when they are not identifiable by miscellaneous revenue account in the settlement process. (See also §32.4999(e) of this subpart.) The extent that the charges and credits resulting from a settlement process can be identified by miscellaneous revenue accounts they shall be recorded in the applicable account.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5269 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5270 Carrier billing and collection revenue.

This account shall include revenue derived from the provision of billing and collection services to other telecommunications companies. This includes amounts charged for services such as message recording, billing, collection, billing analysis, and billing information services, whether rendered under tariff or contractual arrangements.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, §32.5270 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5281

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§ 32.5282

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§ 32.5280 Nonregulated operating revenue.

(a) This account shall include revenues derived from a nonregulated activity involving the common or joint use of assets or resources in the provision of regulated and nonregulated products or services.

(b) This account shall be debited and regulated revenue accounts shall be credited at tariffed rates when tariffed services are provided to nonregulated activities that are accounted for as prescribed in § 32.23(c) of this subpart.

(c) Separate subsidiary record categories shall be maintained for each nonregulated revenue item recorded in this account.

[53 FR 49322, Dec. 7, 1988, as amended at 64 FR 50008, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, § 32.5280 was amended by revising paragraph (c), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5280 Nonregulated operating revenue.

* * * * *

(c) Separate subsidiary record categories shall be maintained for two groups of non-regulated revenue as follows: one subsidiary record for all revenues derived from regulated services treated as nonregulated for federal accounting purposes pursuant to Commission order and the second for all other revenues derived from a nonregulated activity as set forth in paragraph (a) of this section.

§ 32.5300 Uncollectible revenue.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 5301 and 5302. Class B telephone companies shall use this account for revenues of the type and character required of Class A companies in Accounts 5301 and 5302.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, § 32.5300 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5300 Uncollectible revenue.

This account shall be charged with amounts concurrently credited to Account 1170, Receivables.

§ 32.5301 Uncollectible revenue—telecommunications.

This account shall be charged with amounts concurrently credited to Account 1181, Accounts Receivable Allowances—Telecommunications.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, § 32.5301 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.5302 Uncollectible revenue—other.

This account shall be charged with amounts concurrently credited to Account 1190, Other Accounts Receivable, or to Account 1191, Accounts Receivable Allowance—Other, when such allowance is maintained.

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, § 32.5302 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

Subpart E—Instructions for Expense Accounts

§ 32.5999 General.

(a) Structure of the expense accounts.

(1) The expense section of the system of accounts shall be organized by expense group summary account, and subsidiary record category (if required).

(2) The expense section of this system of accounts shall be comprised of four major expense groups—Plant Specific Operations, Plant Nonspecific Operations, Customer Operations and Corporate Operations. Expenses to be recorded in Plant Specific and Plant Nonspecific Operations Expense Groups generally reflect cost associated with the various kinds of equipment identified in the plant asset accounts. Expenses to be recorded in the Customer Operations and Corporate Operations accounts reflect the costs of, or are associated with, functions performed by people, irrespective of the organization in which any particular function is performed.

(3) Summary accounts within expense groups shall be used to describe aggregations of two or more accounts

having a certain commonality. Summary accounts are assigned numbers so that they may be used by Class A telephone companies to aggregate accounts for reporting purposes; and as specifically directed, so that they may be used as accounts by Class B telephone companies.

4) Accounts shall be maintained as prescribed in this section subject to the conditions described in §32.13 in subpart B. Subsidiary record categories may be required below the account level by this system of accounts or by Commission order.

b) *Plant Specific Operations Expense.*
 (1) The Plant Specific Operations Expense Accounts, 6110 through 6441, are used to record costs related to specific kinds of telecommunications plant.

(2) The Plant Specific Operations Expense accounts predominantly mirror the telecommunications plant in service detail accounts and are numbered consistently with them; the first digit of the expense account being six (6) and the remaining digits being the same as the last three numbers of the related plant account. In classifying Plant Specific Operations expenses, the text of the corresponding plant account should be consulted to ensure appropriateness.

(3) The Plant Specific Operations Expense accounts shall include the costs of inspecting, testing (except as specified in Account 6533, Testing Expense) and reporting on the condition of telecommunications plant to determine the need for repairs, replacements, rearrangements and changes; performing routine work to prevent trouble (except as specified in Account 6533), replacing items of plant other than retirement units; rearranging and changing the location of plant not retired; repairing material for reuse; restoring the condition of plant damaged by storms, floods, fire or other casualties (other than the cost of replacing retirement units); inspecting after repairs have been made; and receiving training to perform these kinds of work. Also included are the costs of direct supervision (immediate or first-level) and office support of this work.

4) In addition to the activities specified in paragraph (b)(3) of this section, the appropriate Plant Specific Oper-

ations Expense accounts shall include the cost of personnel whose principal job is the operation of plant equipment, such as general purpose computer operators, aircraft pilots, chauffeurs and shuttle bus drivers. However, when the operation of equipment is performed as part of other identifiable functions (such as the use of office equipment, capital tools or motor vehicles) the operators' cost shall be charged to accounts appropriate for those functions. (For costs of operator services personnel, see Accounts 6621, Call Completion Services, and 6622, Number Services, and for costs of test board personnel see Account 6533.)

(c) *Plant Nonspecific Operations Expense.* The Plant Nonspecific Operations Expense accounts shall include expenses related to property held for future telecommunications use, provisioning expenses, network operations expenses, and depreciation and amortization expenses. Accounts in this group (except for Account 6540, Access Expense, and Accounts 6560 through 6565) shall include the costs of performing activities described in narratives for individual accounts. These costs shall also include the costs of supervision and office support of these activities.

(d) *Customer Operations Expense.* The Customer Operations Expense accounts shall include the cost of performing customer related marketing and services activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

(e) *Corporate Operations Expense.* The Corporate Operations Expense accounts shall include the costs of performing executive and planning activities and general and administrative activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

(f) *Reimbursements.* Reimbursements of actual costs incurred in connection with joint operations or projects repairing plant due to damages by others, and obligations to make changes in telecommunications plant (such as highway relocations), shall be credited to the accounts originally charged.

(g) *Expense accounts to be maintained.*

Account
Income Statement
Plant specific operat:
Network support
Motor vehicle ex
Aircraft expense
Tools and other
expense
General support
Land and buildin
Furniture and a
Office equipmen
General purpos
pense
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nation exper
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shall include whose principal of plant equip- purpose com- t pilots, chauff- ivers. However, equipment is her identifiable use of office or motor vehi- cost shall be appropriate for sts of operator Accounts 6621. ces, and 6622, or costs of test unt 6533.)

Operations Ex- specific Oper- s shall include roperty held for ons use, provi- ork operations on and amorti- ts in this group 40, Access Ex- 0 through 6565) of performing narratives for ese costs shall of supervision se activities.

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reimbursement in connection or projects re- mages by oth- take changes in ant (such as all be credited ly charged.

be maintained.

Account title	Class A account	Class B account
Income Statement Accounts		
Plant specific operations expense:		
Network support expense	12 6110	6110
Motor vehicle expense	1 6112	
Aircraft expense	1 6113	
Tools and other work equipment expense	1 6114	
General support expenses	12 6120	6120
Land and building expenses	1 6121	
Furniture and artworks expense	1 6122	
Office equipment expense	1 6123	
General purpose computers expense	1 6124	
Central office switching expense	12 6210	6210
Analog electronic expense	1 6211	
Digital electronic expense	1 6212	
Electro-mechanical expense	1 6215	
Operators system expense	1 6220	6220
Central office transmission expenses	12 6230	6230
Radio systems expense	1 6231	
Circuit equipment expense	1 6232	
Information origination/termination expense	12 6310	6310
Station apparatus expense	1 6311	
Large private branch exchange expense	1 6341	
Public telephone terminal equipment expense	1 6351	
Other terminal equipment expense	1 6362	
Cable and wire facilities expenses	12 6410	6410
Poles expense	1 6411	
Aerial cable expense	1 6421	
Underground cable expense	1 6422	
Buried cable expense	1 6423	
Submarine cable expense	1 6424	
Deep sea cable expense	1 6425	
Intrabuilding network cable expense	1 6426	
Aerial wire expense	1 6431	
Conduit systems expense	1 6441	
Plant nonspecific operations expense:		
Other property plant and equipment expenses	12 6510	6510
Property held for future		
Telecommunications use expense	1 6511	
Provisioning expense	1 6512	
Network operations expenses	12 6530	6530
Power expense	1 6531	
Network administration expense	1 6532	
Testing expense	1 6533	
Plant operations administration expense	1 6534	
Engineering expense	1 6535	
Access expense	1 6540	6540
Depreciation and amortization expenses	2 6560	6560
Depreciation expense—telecommunications plant in service	6561	
Depreciation expense—property held for future telecommunications use	6562	
Amortization expense—tangible	6563	
Amortization expense—intangible	6564	
Amortization expense—other	6565	
Customer operations expense:		
Marketing	12 6610	6610

Account title	Class A account	Class B account
Product management	1 6611	
Sales	1 6612	
Product advertising	1 6613	
Services	12 6620	6620
Call completion services	1 6621	
Number services	1 6622	
Customer services	1 6623	
Corporate operations expense:		
Executive and planning	12 6710	6710
Executive	1 6711	
Planning	1 6712	
General and administrative	12 6720	6720
Accounting and finance	1 6721	
External relations	1 6722	
Human resources	1 6723	
Information management	1 6724	
Legal	1 6725	
Procurement	1 6726	
Research and development	1 6727	
Other general and administrative	1 6728	
Provision for uncollectible notes receivable	6790	6790

¹Subsidiary record categories required in accordance with § 32.5999(f) of this subpart.

²To be used by Class A telephone companies to summarize accounts for reporting purposes.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 7580, Mar. 12, 1987; 64 FR 50008, Sept. 15, 1999; 65 FR 16335, Mar. 28, 2000]

EFFECTIVE DATE NOTE: At 67 FR 5694, Feb. 6, 2002, § 32.5999 was amended by removing paragraph (a)(3), redesignating (a)(4) as (a)(3), and revising paragraphs (b)(4), (c), and (g), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.5999 General.

* * * * *

(b) * * *

(4) In addition to the activities specified in paragraph (b)(3) of this section, the appropriate Plant Specific Operations Expense accounts shall include the cost of personnel whose principal job is the operation of plant equipment, such as general purpose computer operators, aircraft pilots, chauffeurs and shuttle bus drivers. However, when the operation of equipment is performed as part of other identifiable functions (such as the use of office equipment, capital tools or motor vehicles) the operators' cost shall be charged to accounts appropriate for those functions. (For costs of operator services personnel, see Account 6620, Services, and for costs of test board personnel see Account 6533.)

(c) *Plant nonspecific operations expense.* The Plant Nonspecific Operations Expense accounts shall include expenses related to property held for future telecommunications

use, provisioning expenses, network operations expenses, and depreciation and amortization expenses. Accounts in this group except for Account 6540, Access expense, and Account 6560, Depreciation and amortization expense) shall include the costs of performing activities described in narratives for

individual accounts. These costs shall also include the costs of supervision and office support of these activities.

* * * * *

(g) Expense accounts to be maintained.

Account title	Class A account	Class B account
Income statement accounts		
Part specific operations expense:		
Network support expense		6110
Motor vehicle expense	6112	
Aircraft expense	6113	
Tools and other work equipment expense	6114	
General support expenses		6120
Land and building expenses	6121	
Furniture and artworks expense	6122	
Office equipment expense	6123	
General purpose computers expense	6124	
Central office switching expense		6210
Non-digital switching expense	6211	
Digital electronic switching expense	6212	
Operators system expense	6220	6220
Central office transmission expenses		6230
Radio systems expense	6231	
Circuit equipment expense	6232	
Information origination/termination expense		6310
Station apparatus expense	6311	
Large private branch exchange expense	6341	
Public telephone terminal equipment expense	6351	
Other terminal equipment expense	6362	
Cable and wire facilities expenses		6410
Poles expense	6411	
Aerial cable expense	6421	
Underground cable expense	6422	
Buried cable expense	6423	
Submarine and deep sea cable expense	6424	
Intrabuilding network cable expense	6426	
Aerial wire expense	6431	
Conduit systems expense	6441	
Part nonspecific operations expense:		
Other property plant and equipment expenses		6510
Property held for future Telecommunications use expense	6511	
Provisioning expense	6512	
Network operations expenses		6530
Power expense	6531	
Network administration expense	6532	
Testing expense	6533	
Plant operations administration expense	6534	
Engineering expense	6535	
Access expense	6540	6540
Depreciation and amortization expenses	6560	6560
Customer operations expense:		
Marketing		6610
Product management and sales	6611	
Product advertising	6613	
Services	6620	6620
Corporate operations expense:		
General and administrative	6720	6720
Provision for uncollectible notes receivable	6790	6790

§ 32.6110 Network support expenses.

(a) This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6112 through 6114. Class B telephone companies shall use

this account for expenses of the type and character required of Class A companies in Accounts 6112 through 6114.

(b) Credits shall be made to this account by Class B companies for amounts transferred to Construction

and/or other Expense a be comput labor hou this subpa

[51 FR 4349 FR 50008, S

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§ 32.6110

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§ 32.6112

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§ 32.6112

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(b) Cred for amou or to oth

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and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also §32.5999(f)(5) of this subpart.)

pense accounts. These amounts shall be computed on the basis of direct labor hours.

aintained.

[51 FR 43499, Dec. 2, 1986, as amended at 64 FR 50008, Sept. 15, 1999]

§32.6113 Aircraft expense.

A nt	Class B account
.....	6110
§112	.....
§113	.....
§114	.....
.....	6120
§121	.....
§122	.....
§123	.....
§124	.....
.....	6210
§211	.....
§212	.....
§220	6220
.....	6230
§231	.....
§232	.....
.....	6310
§311	.....
§341	.....
§351	.....
§362	.....
.....	6410
§411	.....
§421	.....
§422	.....
§423	.....
§424	.....
§426	.....
§431	.....
§441	.....
.....	6510
§511	.....
§512	.....
.....	6530
§531	.....
§532	.....
§533	.....
§534	.....
§535	.....
§540	6540
§560	6560
.....	6610
§611	.....
§613	.....
§620	6620
.....	6720
§720	6720
§790	6790

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, §32.6110 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

(a) This account shall include such costs as aircraft fuel, flight crews, mechanics and ground crews, licenses and inspection fees, washing, repainting, and minor accessories.

§32.6110 Network support expenses.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also §32.5999(f)(5) of this subpart.)

(a) Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6112 through 6114.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, §32.6113 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

(b) Credits shall be made to this account by Class B companies for amounts transferred to Construction and/or other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

§32.6113 Aircraft expense.

§32.6112 Motor vehicle expense.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

(a) This account shall include costs of fuel, lubrications, license and inspection fees, washing, repainting, and minor accessories. Also included are the costs of personnel whose principal job is operating motor vehicles, such as chauffeurs and shuttle bus drivers. The costs of users of motor vehicles whose principal job is not the operation of motor vehicles shall be charged to accounts appropriate for the activities performed.

§32.6114 Tools and other work equipment expense.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also §32.5999(f)(5) of this subpart.)

(a) This account shall include costs incurred in connection with special purpose vehicles, garage work equipment and other work equipment included in Account 2114, Tools and other work equipment. This account shall be charged with costs incurred in connection with the work equipment itself. This account shall also include such costs as fuel, licenses and inspection fees, washing, repainting and minor accessories. The costs of using garage work equipment to maintain motor vehicles shall be charged to Account 6112, Motor vehicles expense. This account shall not be charged with the costs of operators of special purpose vehicles and other work equipment. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, §32.6112 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§32.6112 Motor vehicle expense.

(b) Credits shall be made to this account for amounts transferred to Construction and/or to other Plant Specific Operations Ex-

of the type Class A com-ough 6114.

to this ac-companies for Construction

or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also § 32.5999(f)(5).

[64 FR 50008, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6114 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6114 Tools and other work equipment expense.

* * * * *

(b) Credits shall be made to this account for amounts related to special purpose vehicles and other work equipment transferred to Construction and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours.

§ 32.6120 General support expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6121 through 6124. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6121 through 6124.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6120 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6120 General support expenses.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6121 through 6124.

§ 32.6121 Land and building expense.

(a) This account shall include expenses associated with land and buildings (excluding amortization of leasehold improvements). This account shall also include janitorial service, cleaning supplies, water, sewage, fuel and guard service, and electrical power.

(b) The cost of electrical power used to operate the telecommunications network shall be charged to Account 6531, Power Expense, and the cost of separately metered electricity used for

operating specific types of equipment, such as computers, shall be charged to the expense account appropriate for such use.

§ 32.6122 Furniture and artworks expense.

This account shall include expenses associated with furniture and artworks.

§ 32.6123 Office equipment expense.

This account shall be charged only with costs incurred in connection with the office equipment itself. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

§ 32.6124 General purpose computers expense.

This account shall include the costs of personnel whose principal job is the physical operation of general purpose computers and the maintenance of operating systems. This excludes the cost of preparation of input data or the use of outputs which are chargeable to the accounts appropriate for the activities being performed. Also excluded are costs incurred in planning and maintaining application systems and databases for general purpose computers. (See also § 32.6724, Information management.) Separately metered electricity for general purpose computers shall also be included in this account.

[64 FR 50008, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6124 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6124 General purpose computers expense.

This account shall include the costs of personnel whose principal job is the physical operation of general purpose computers and the maintenance of operating systems. This excludes the cost of preparation of input data or the use of outputs which are chargeable to the accounts appropriate for the activities being performed. Also excluded are costs incurred in planning and maintaining application systems and databases for general purpose computers. (See also § 32.6720, General and administrative.) Separately metered electricity for general purpose computers shall also be included in this account.

§ 32.6210 pens:

This Class A summarize tents Class B this ac and cha panies i

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6210 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6210

Class F account after rec counts 6:

§ 32.6211

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EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6211 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

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EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6212 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

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§ 32.6210 Central office switching ex- penses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6211 through 6215. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6211 through 6215.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6210 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6210 Central office switching expenses.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6211 through 6212.

§ 32.6211 Analog electronic expense.

This account shall include expenses associated with analog electronic switching.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6211 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6211 Non-digital switching expense.

This account shall include expenses associated with non-digital electronic switching and electro-mechanical switching.

§ 32.6212 Digital electronic expense.

This account shall include expenses associated with digital electronic switching.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6212 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6212 Digital electronic switching ex- pense.

(a) This account shall include expenses associated with digital electronic switching. Digital electronic switching expenses shall be maintained in the following subaccounts: 6212.1 Circuit, 6212.2 Packet.

(b) This subaccount 6212.1 Circuit shall include expenses associated with digital electronic switching equipment used to provide circuit switching.

(c) This subaccount 6212.2 Packet shall include expenses associated with digital electronic switching equipment used to provide packet switching.

§ 32.6215 Electro-mechanical expense.

(a) This account shall include expenses associated with electro-mechanical switching.

(b) Subsidiary record categories shall be maintained as provided in § 32.2215(a) of subpart C.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6215 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6220 Operator systems expense.

This account shall include expenses associated with operator systems equipment.

§ 32.6230 Central office transmission expense.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6231 and 6232. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6231 and 6232.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6230 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6230 Central office transmission ex- pense.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6231 and 6232.

§ 32.6231 Radio systems expense.

(a) This account shall include expenses associated with radio systems.

(b) Subsidiary record categories shall be maintained as provided in § 32.2231(a) of subpart C.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6231 was amended by removing paragraph (b) and designating paragraph (a) as an undesignated paragraph, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6232

§ 32.6232 Circuit equipment expense.

This account shall include expenses associated with circuit equipment.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6232 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6232 Circuit equipment expense.

(a) This account shall include expenses associated with circuit equipment. Circuit equipment expenses shall be maintained in the following subaccounts: 6232.1 Electronic, 6232.2 Optical.

(b) This subaccount 6232.1 Electronic shall include expenses associated with electronic circuit equipment.

(c) This subaccount 6232.2 Optical shall include expenses associated with optical circuit equipment.

§ 32.6310 Information origination/termination expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6311 through 6362. Class B telephone companies shall use this account for expenses of the type and character required of Class A telephone companies in Accounts 6311 through 6362.

EFFECTIVE DATE NOTE: At 67 FR 5695, Feb. 6, 2002, § 32.6310 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6310 Information origination/termination expenses.

Class B telephone companies shall use this account for expenses of the type and character required of Class A telephone companies in Accounts 6311 through 6362.

§ 32.6311 Station apparatus expense.

This account shall include expenses associated with station apparatus. Expenses associated with company internal use communication equipment shall be recorded in Account 6123, Office Equipment Expense.

§ 32.6341 Large private branch exchange expense.

This account shall include expenses associated with large private branch exchanges. Expenses associated with

company internal use communication equipment shall be recorded in Account 6123, Office Equipment Expense.

§ 32.6351 Public telephone terminal equipment expense.

This account shall include expenses associated with public telephone terminal equipment.

§ 32.6362 Other terminal equipment expense.

This account shall include expenses associated with other terminal equipment.

§ 32.6410 Cable and wire facilities expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6411 through 6441. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6411 through 6441.

[51 FR 43499, Dec. 2, 1986, as amended at 59 FR 46930, Sept. 13, 1994]

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6410 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6410 Cable and wire facilities expenses.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6411 through 6441.

§ 32.6411 Poles expense.

This account shall include expenses associated with poles.

§ 32.6421 Aerial cable expense.

(a) This account shall include expenses associated with aerial cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2421(a) of subpart C.

§ 32.6422 Underground cable expense.

(a) This account shall include expenses associated with underground cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2422(a) of subpart C.

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§ 32.6423 Buried cable expense.

(a) This account shall include expenses associated with buried cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2423(a) of subpart C.

§ 32.6424 Submarine cable expense.

(a) This account shall include expenses associated with submarine cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2424(a) of subpart C.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6424 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6424 Submarine and deep sea cable expense.

(a) This account shall include expenses associated with submarine and deep sea cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2424.

§ 32.6425 Deep sea cable expense.

(a) This account shall include expenses associated with deep sea cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2425(a) of subpart C.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6425 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6426 Intrabuilding network cable expense.

(a) This account shall include expenses associated with intrabuilding network cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2426(a) of subpart C.

§ 32.6431 Aerial wire expense.

This account shall include expenses associated with aerial wire.

§ 32.6441 Conduit systems expense.

This account shall include expenses associated with conduit systems.

§ 32.6510 Other property, plant and equipment expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6511 and 6512. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6511 and 6512.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6510 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6510 Other property, plant and equipment expenses.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6511 and 6512.

§ 32.6511 Property held for future telecommunications use expense.

This account shall include expenses associated with property held for future telecommunications use.

§ 32.6512 Provisioning expense.

(a) This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling requisitions from stock, monitoring and replenishing stock levels, delivery of material, storage, loading or unloading and administering the reuse or refurbishment of material. Also included are adjustments resulting from the annual or more frequent inventory of material and supplies.

(b) Credits shall be made to this account for amounts transferred to construction and/or to plant specific operations expense. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge. (See also § 32.5999(f)(5) of this subpart.)

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6512 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6512 Provisioning expense.

(a) This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling requisitions from stock, monitoring and replenishing stock levels, delivery of material, storage, loading or unloading and administering the reuse or refurbishment of material. Also included are adjustments resulting from the periodic inventory of material and supplies.

(b) Credits shall be made to this account for amounts transferred to construction and/or to Plant Specific Operations Expense. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge.

§ 32.6530 Network operations expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6531 through 6535. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6531 through 6535.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6530 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6530 Network operations expense.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6531 through 6535.

§ 32.6531 Power expense.

This account shall include the cost of electrical power used to operate the telecommunications network.

§ 32.6532 Network administration expense.

This account shall include costs incurred in network administration. This includes such activities as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking, and assigning interoffice facilities and circuit layout work.

§ 32.6533 Testing expense.

This account shall include costs incurred in testing telecommunications facilities from a testing facility (test desk or other testing system) to determine the condition of plant on either a routine basis or prior to assignment of the facilities; receiving, recording and analyzing trouble reports; testing to determine the nature and location of reported trouble condition; and dispatching repair persons or otherwise initiating corrective action. (Note also § 32.5999(b)(3) of this subpart.)

§ 32.6534 Plant operations administration expense.

(a) This account shall include costs incurred in the general administration of plant operations. This includes supervising plant operations (except as specified in § 32.5999(a)(3) of this subpart; planning, coordinating and monitoring plant operations; and performing staff work such as developing methods and procedures, preparing and conducting training (except on-the-job training) and coordinating safety programs.

(b) Credits shall be made to this account for amounts transferred to construction accounts. These amounts shall be computed on the basis of direct labor hours. (See § 32.2000(c)(2)(ii) of subpart C.)

§ 32.6535 Engineering expense.

(a) This account shall include costs incurred in the general engineering of the telecommunications plant which are not directly chargeable to an undertaking or project. This includes developing input to the fundamental planning process, performing preliminary work or advance planning in connection with potential undertakings, and performing special studies of an engineering nature.

(b) Credits shall be made to this account for amounts transferred to construction accounts. These amounts shall be computed on the basis of direct labor hours. (See § 32.2000(c)(2)(ii) of subpart C.)

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§ 32.6540 Access expense.

(a) This account shall include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for the provision of carrier's carrier access.

(b) Subsidiary record categories shall be maintained in order that the entity may separately report interstate and intrastate carrier's carrier expense. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

[52 FR 43917, Nov. 17, 1987]

§ 32.6560 Depreciation and amortization expenses.

This account shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6561 through 6565. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6561 through 6565.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6560 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6560 Depreciation and amortization expenses.

(a) This account shall include: (1) The depreciation expense of capitalized costs in Accounts 2112 through 2441, inclusive.

(2) The depreciation expense of capitalized costs included in Account 2002, Property held for future telecommunications use.

(3) The amortization of costs included in Accounts 2681, Capital leases, 2682, Leasehold improvements, and Account 2690, Intangibles.

(4) The amortization of costs included in Account 2005, Telecommunications plant adjustment, and lump-sum write-offs of amounts of plant acquisition adjustment as provided for in § 32.2005(b)(4).

(b) Subsidiary records shall be maintained so as to show that character of the amounts related to plant acquisition adjustments.

§ 32.6561 Depreciation expense—telecommunications plant in service.

This account shall include the depreciation expense of capitalized costs in Accounts 2112 through 2441, inclusive.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6561 was removed, effective Aug. 6,

2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6562 Depreciation expense—property held for future telecommunications.

This account shall include the depreciation expense of capitalized costs included in Account 2002, Property Held for Future Telecommunications Use.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6562 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6563 Amortization expense—tangible.

This account shall include only the amortization of costs included in Accounts 2681, Capital Leases, and 2682, Leasehold Improvements.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6563 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6564 Amortization expense—intangible.

This account shall include the amortization of costs included in Account 2690, Intangibles.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6564 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6565 Amortization expense—other.

(a) This account shall include only the amortization of costs included in Account 2005, Telecommunications Plant Adjustment.

(b) This account shall also include lump-sum write offs of amounts of plant acquisition adjustment as provided for in § 32.2005(b)(3) of Subpart C.

(c) Subsidiary records shall be maintained so as to show that character of the amounts contained in this account.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6565 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6610 Marketing.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6611 through 6613. Class B telephone companies shall use

§ 32.6611

this account for expenses of the type and character required of Class A companies in Accounts 6611 through 6613.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6610 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6610 Marketing.

Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6611 through 6613.

§ 32.6611 Product management.

This account shall include costs incurred in performing administrative activities related to marketing products and services. This includes competitive analysis, product and service identification and specification, test market planning, demand forecasting, product life cycle analysis, pricing analysis, and identification and establishment of distribution channels.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6611 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6611 Product management and sales.

This account shall include:

(a) Costs incurred in performing administrative activities related to marketing products and services. This includes competitive analysis, product and service identification and specification, test market planning, demand forecasting, product life cycle analysis, pricing analysis, and identification and establishment of distribution channels.

(b) Costs incurred in selling products and services. This includes determination of individual customer needs, development and presentation of customer proposals, sales order preparation and handling, and preparation of sales records.

§ 32.6612 Sales.

This account shall include costs incurred in selling products and services. This includes determination of individual customer needs, development and presentation of customer proposals, sales order preparation and handling, and preparation of sales records.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6612 was removed, effective Aug. 6,

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2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6613 Product advertising.

This account shall include costs incurred in developing and implementing promotional strategies to stimulate the purchase of products and services. This excludes nonproduct-related advertising, such as corporate image, stock and bond issue and employment advertisements, which shall be included in the appropriate functional accounts.

§ 32.6620 Services.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6621 through 6623. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6621 through 6623.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6620 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6620 Services.

(a) This account shall include:

(1) Costs incurred in helping customers place and complete calls, except directory assistance. This includes handling and recording; intercept; quoting rates, time and charges; and all other activities involved in the manual handling of calls.

(2) Costs incurred in providing customer number and classified listings. This includes preparing or purchasing, compiling, and disseminating those listings through directory assistance or other means.

(3) Costs incurred in establishing and servicing customer accounts. This includes:

(i) Initiating customer service orders and records;

(ii) Maintaining and billing customer accounts;

(iii) Collecting and investigating customer accounts, including collecting revenues, reporting receipts, administering collection treatment, and handling contacts with customers regarding adjustments of bills;

(iv) Collecting and reporting pay station receipts; and

(v) Instructing customers in the use of products and services.

(b) This account shall also include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for billing and collection services.

24, 2002, the effective date of Jan. 1, 2003.

Marketing.

include costs incurred in implementing services to stimulate interstate and intrastate amounts. Such subsidiary record categories shall be reported as required by Part 43 of this chapter.

Subsidiary record categories shall be maintained in order that the entity may separately report interstate and intrastate amounts. Such subsidiary record categories shall be reported as required by Part 43 of this chapter.

(c) Class A companies, except mid-sized incumbent local exchange carriers, shall maintain the following subaccounts for expenses recorded in this account: 6620.1 Wholesale, 6620.2 Retail.

(1) *6620.1 Wholesale*. This subaccount shall include costs associated with telecommunications services provided for resale to other telecommunications carriers.

(2) *6620.2 Retail*. This subaccount shall include costs associated with telecommunications services provided to subscribers who are not telecommunications carriers.

§ 32.6621 Call completion services.

This account shall include costs incurred in helping customers place and complete calls, except directory assistance. This includes handling and recording; intercept; quoting rates, time and charges; and all other activities involved in the manual handling of calls.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6621 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6622 Number services.

This account shall include costs incurred in providing customer number and classified listings. This includes preparing or purchasing, compiling, and disseminating those listings through directory assistance or other means.

§ 32.6623 Customer services.

(a) This account shall include costs incurred in establishing and servicing customer accounts. This includes:

(1) Initiating customer service orders and records;

(2) Maintaining and billing customer accounts;

(3) Collecting and investigating customer accounts, including collecting revenues, reporting receipts, administering collection treatment, and handling contacts with customers regarding adjustments of bills;

(4) Collecting and reporting pay station receipts; and

(5) Instructing customers in the use of products and services.

(b) This account shall also include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for billing and collection services. Subsidiary record categories shall be maintained in order that the entity may separately report interstate and intrastate amounts. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

[52 FR 43917, Nov. 17, 1987]

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6623 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6710 Executive and planning.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6711 and 6712. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6711 and 6712.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6710 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6711 Executive.

This account shall include costs incurred in formulating corporate policy and in providing overall administration and management. Included are the pay, fees and expenses of boards of directors or similar policy boards and all board-designated officers of the company and their office staffs, e.g., secretaries and staff assistants.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6711 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6712 Planning.

This account shall include costs incurred in developing and evaluating long-term courses of action for the future operations of the company. This includes performing corporate organization and integrated long-range planning, including management studies, options and contingency plans, and economic strategic analysis.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6712 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6720 General and administrative.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 6721 through 6728. Class B telephone companies shall use this account for expenses of the type and character required of Class A companies in Accounts 6721 through 6728.

EFFECTIVE DATE NOTE: At 67 FR 5696, Feb. 6, 2002, § 32.6720 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6720 General and administrative.

This account shall include costs incurred in the provision of general and administrative services as follows:

(a) Formulating corporate policy and in providing overall administration and management. Included are the pay, fees and expenses of boards of directors or similar policy boards and all board-designated officers of the company and their office staffs, e.g., secretaries and staff assistants.

(b) Developing and evaluating long-term courses of action for the future operations of the company. This includes performing corporate organization and integrated long-range planning, including management studies, options and contingency plans, and economic strategic analysis.

(c) Providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting (revenue requirements, separations, settlements and corollary cost accounting), non-customer billing, tax accounting, internal and external auditing, capital and operating budget analysis and control, and general accounting (accounting principles and procedures and journals, ledgers, and financial reports). Financial services include banking operations, cash management, benefit investment fund management (including actuarial services), securities management, debt trust administration, corporate financial planning and analysis, and internal cashier services.

(d) Maintaining relations with government, regulators, other companies and the general public. This includes:

(1) Reviewing existing or pending legislation (see also Account 7300, Nonoperating income and expense, for lobbying expenses);

(2) Preparing and presenting information for regulatory purposes, including tariff and

service cost filings, and obtaining radio licenses and construction permits;

(3) Performing public relations and non-product-related corporate image advertising activities;

(4) Administering relations, including negotiating contracts, with telecommunications companies and other utilities, businesses, and industries. This excludes sales contracts (see also Account 6611, Product management and sales); and

(5) Administering investor relations.

(e) Performing personnel administration activities. This includes:

(1) Equal Employment Opportunity and Affirmative Action Programs;

(2) Employee data for forecasting, planning and reporting;

(3) General employment services;

(4) Occupational medical services;

(5) Job analysis and salary programs;

(6) Labor relations activities;

(7) Personnel development and staffing services, including counseling, career planning, promotion and transfer programs;

(8) Personnel policy development;

(9) Employee communications;

(10) Benefit administration;

(11) Employee activity programs;

(12) Employee safety programs; and

(13) Nontechnical training course development and presentation.

(f) Planning and maintaining application systems and databases for general purpose computers.

(g) Providing legal services: This includes conducting and coordinating litigation, providing guidance on regulatory and labor matters, preparing, reviewing and filing patents and contracts and interpreting legislation. Also included are court costs, filing fees, and the costs of outside counsel, depositions, transcripts and witnesses.

(h) Procuring material and supplies, including office supplies. This includes analyzing and evaluating suppliers' products, selecting appropriate suppliers, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards for material purchased and administering vendor or user claims.

(i) Making planned search or critical investigation aimed at discovery of new knowledge. It also includes translating research findings into a plan or design for a new product or process or for a significant improvement to an existing product or process, whether intended for sale or use. This excludes making routine alterations to existing products, processes, and other ongoing operations even though those alterations may represent improvements.

(j) Performing general administrative activities not directly charged to the user, and not provided in paragraphs (a) through (i) of this section. This includes providing general

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nd supplies. In-
is includes ana-
ers' products, se-
ers, negotiating
purchase orders,
orders placed for
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i to the user, and
(a) through (i) of
providing general

reference libraries, food services (e.g., cafe-
terias, lunch rooms and vending facilities),
archives, general security investigation ser-
vices, operating official private branch ex-
changes in the conduct of the business, and
telecommunications and mail services. Also
included are payments in settlement of acci-
dent and damage claims, insurance premi-
ums for protection against losses and
damages, direct benefit payments to or on
behalf of retired and separated employees,
accident and sickness disability payments,
supplemental payments to employees while
in governmental service, death payments,
and other miscellaneous costs of a corporate
nature. This account excludes the cost of of-
fice services, which are to be included in the
accounts appropriate for the activities sup-
ported.

§ 32.6721 Accounting and finance.

This account shall include costs in-
curred in providing accounting and fi-
nancial services. Accounting services
include payroll and disbursements,
property accounting, capital recovery,
regulatory accounting (revenue re-
quirements, separations, settlements
and corollary cost accounting), non-
customer billing, tax accounting, inter-
nal and external auditing, capital and
operating budget analysis and control,
and general accounting (accounting
principles and procedures and journals,
ledgers, and financial reports). Finan-
cial services include banking oper-
ations, cash management, benefit in-
vestment fund management (including
actuarial services), securities manage-
ment, debt trust administration, cor-
porate financial planning and analysis,
and internal cashier services.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb.
6, 2002, § 32.6721 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.6722 External relations.

This account shall include costs in-
curred in maintaining relations with
government, regulators, other compa-
nies and the general public. This in-
cludes:

(a) Reviewing existing or pending
legislation (See also account 7370, Spe-
cial Charges, for lobbying expenses.);

(b) Preparing and presenting infor-
mation for regulatory purposes, includ-
ing tariff and service cost filings, and
obtaining radio licenses and construc-
tion permits;

(c) Performing public relations and
non-product-related corporate image
advertising activities;

(d) Administering relations, includ-
ing negotiating contracts (See also Ac-
count 6725, Legal.), with telecommuni-
cations companies and other utilities,
businesses, and industries. This ex-
cludes sales contracts (See also Ac-
count 6612, Sales.); and

(e) Administering investor relations.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb.
6, 2002, § 32.6722 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.6723 Human Resources.

This account shall include costs in-
curred in performing personnel admin-
istration activities. This includes:

(a) Equal Employment Opportunity
and Affirmative Action Programs;

(b) Employee data for forecasting,
planning and reporting;

(c) General employment services;

(d) Occupational medical services;

(e) Job analysis and salary programs;

(f) Labor relations activities;

(g) Personnel development and staff-
ing services, including counseling, car-
eer planning, promotion and transfer
programs;

(h) Personnel policy development;

(i) Employee communications;

(j) Benefit administration;

(k) Employee activity programs;

(l) Employee safety programs; and

(m) Nontechnical training course de-
velopment and presentation.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb.
6, 2002, § 32.6723 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.6724 Information management.

This account shall include costs in-
curred in planning and maintaining ap-
plication systems and databases for
general purpose computers.

[64 FR 50008, Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb.
6, 2002, § 32.6724 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.6725 Legal.

This account shall include costs in-
curred in providing legal services. This

includes conducting and coordinating litigation, providing guidance on regulatory and labor matters, preparing, reviewing and filing patents and contracts and interpreting legislation. Also included are court costs, filing fees, and the costs of outside counsel, depositions, transcripts and witnesses.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb. 6, 2002, § 32.6725 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6726 Procurement.

This account shall include costs incurred in procuring material and supplies, including office supplies. This includes analyzing and evaluating suppliers' products, selecting appropriate suppliers, negotiating supply contracts, placing purchase orders, expediting and controlling orders placed for material, developing standards for material purchased and administering vendor or user claims.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb. 6, 2002, § 32.6726 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6727 Research and development.

(a) This account shall include costs incurred in making planned search or critical investigation aimed at discovery of new knowledge. It also includes translating research findings into a plan or design for a new product or process or for a significant improvement to an existing product or process, whether intended for sale or use.

(b) This excludes making routine alterations to existing products, processes, and other ongoing operations even though those alterations may represent improvements.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb. 6, 2002, § 32.6727 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6728 Other general and administrative.

This account shall include costs incurred in performing general administrative activities not directly charged to the user, and not provided for in other accounts. This includes providing general reference libraries, food services (e.g., cafeterias, lunch rooms and

vending facilities), archives, general security investigation services, operating official private branch exchanges in the conduct of the business, and telecommunications and mail services. Also included are payments in settlement of accident and damage claims, insurance premiums for protection against losses and damages, direct benefit payments to or on behalf of retired and separated employees, accident and sickness disability payments, supplemental payments to employees while in governmental service, death payments, and other miscellaneous costs of a corporate nature. This account excludes the cost of office services, which are to be included in the accounts appropriate for the activities supported.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb. 6, 2002, § 32.6728 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.6790 Provision for uncollectible notes receivable.

This account shall be charged with amounts concurrently credited to Account 1200, Notes Receivable, or to Account 1201, Notes Receivable Allowance, when such allowance is maintained.

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb. 6, 2002, § 32.6790 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6790 Provision for uncollectible notes receivable.

This account shall be charged with amounts concurrently credited to Account 1170, Receivables.

Subpart F—Instructions For Other Income Accounts

§ 32.6999 General.

(a) *Structure of the Other Income Accounts.* The Other Income Accounts are designed to reflect both operating and nonoperating income items including taxes, extraordinary items and other income and expense items not properly included elsewhere.

(b) *Other Income Accounts Listing.*

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 nch exchanges business, and
 mail services.
 ents in settle-
 damage claims,
 for protection
 ges, direct ben-
 ehalf of retired
 s, accident and
 ments, supple-
 n-employees while
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Account title	Class A account	Class B account	Account title	Class A account	Class B account
Other operating income and expense:			Interest and related items:		
Other operating income and expense	17100	7100	Interest and related items	17500	7500
Income from custom work	7110		Interest on funded debt	7510	
Return from nonregulated use of regulated facilities	7130		Interest expense—capital		
Gains and losses from foreign exchange	7140		Leases	7520	
Gains or losses from disposition of land and artwork	7150		Amortization of debt issuance expense	7530	
Other operating gains and losses	7160		Other interest deductions	7540	
Operating taxes:			Extraordinary items:		
Operating taxes	17200	7200	Extraordinary items	17600	7600
Operating investment tax credits—net	7210		Extraordinary income credits	7610	
Operating Federal income taxes	7220		Extraordinary income charges	7620	
Operating State and local income taxes	7230		Current income tax effect of extraordinary items—net	7630	
Operating other taxes	7240		Provision for deferred income tax effect of extraordinary items—net	7640	
Provision for deferred operating income taxes—net	7250		Jurisdictional Differences and non-regulated income items:		
Nonoperating income and expense:			Income effect of jurisdictional ratemaking difference—net	7910	7910
Nonoperating income and expense	17300	7300	Nonregulated net income	7990	7990
Dividend income	7310				
Interest income	7320				
Income from sinking and other funds	7330				
Allowance for funds used during construction	7340				
Gains or losses from the disposition of certain property	7350				
Other nonoperating income	7360				
Special charges	7370				
Nonoperating taxes:					
Nonoperating taxes	17400	7400			
Nonoperating investment tax credits—net	7410				
Nonoperating Federal income taxes	7420				
Nonoperating State and local income taxes	7430				
Nonoperating other taxes	7440				
Provision for deferred nonoperating income taxes—net	7450				

¹ To be used by Class A companies to summarize accounts for reporting purposes.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 6562, Mar. 4, 1987; 53 FR 49322, Dec. 7, 1988]

EFFECTIVE DATE NOTE: At 67 FR 5697, Feb. 6, 2002, §32.6999 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.6999 General.

(a) *Structure of the other income accounts.*
 The Other Income Accounts are designed to reflect both operating and nonoperating income items including taxes, extraordinary items and other income and expense items not properly included elsewhere.

(b) *Other income accounts listing.*

Account title	Class A account	Class B account
Other operating income and expense:		
Other operating income and expense	7100	7100
Operating taxes:		
Operating taxes		7200
Operating investment tax credits—net	7210	
Operating Federal income taxes	7220	
Operating state and local income taxes	7230	
Operating other taxes	7240	
Provision for deferred operating income taxes—net	7250	
Nonoperating income and expense:		
Nonoperating income and expense	7300	7300
Nonoperating taxes:		
Nonoperating taxes	7400	7400
Interest and related items:		
Interest and related items	7500	7500
Extraordinary items	7600	7600
Jurisdictional differences and non-regulated income items:		
Income effect of jurisdictional ratemaking difference—net	7910	7910
Nonregulated net income	7990	7990

§ 32.7099 Content of accounts.

Other Operating Income and Expense accounts are intended to record the results of transactions, events or circumstances during the periods which are incidental or peripheral to the major or central operations of the company. They shall include all items of an operating nature as incidental work performed for others not provided for elsewhere. Whenever practicable the inflows and outflows associated with a transaction, event or circumstances shall be matched and the result shown as a net gain or loss.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7099 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7100 Other operating income and expenses.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7110 through 7160. Class B companies shall use this account for other operating income and expense items of the type and character required of Class A companies in Accounts 7110 through 7160.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7100 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.7100 Other operating income and expenses.

This account shall be used to record the results of transactions, events or circumstances during the periods which are incidental or peripheral to the major or central operations of the company. It shall be used to record all items of an operating nature such as incidental work performed for others not provided for elsewhere. Whenever practicable the inflows and outflows associated with a transaction, event or circumstances shall be matched and the result shown as a net gain or loss. This account shall include the following:

(a) Profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others which are similar in nature to those activities which are performed by the com-

pany in constructing its own telecommunications plant facilities. The records supporting the entries in this account for income and custom work shall be maintained with sufficient particularity to identify separately the revenue and costs associated with each undertaking.

(b) Return on investment for the use of regulated property plant and equipment to provide nonregulated products and services.

(c) All gains and losses resulting from the exchange of foreign currency. Transaction (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

(d) Gains or losses resulting from the disposition of land or artworks.

(e) Charges or credits, as appropriate, to record the results of transactions, events or circumstances which are of an operational nature, but occur irregularly or are peripheral to the major or central operations of the company and not provided for elsewhere.

§ 32.7110 Income from custom work.

(a) This account shall include profits realized from custom work (plant construction) performed for others incident to the company's regulated telecommunications operations. This includes profits from the incidental performance of nontariffed construction activities (including associated engineering and design) for others which are similar in nature to those activities which are performed by the company in constructing its own telecommunications plant facilities.

(b) The records supporting the entries in this account shall be maintained with sufficient particularity to identify separately the revenue and costs associated with each undertaking.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7110 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7130 Return from nonregulated use of regulated facilities.

This account shall include a return on investment for the use of regulated property plant and equipment to provide nonregulated products and services.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7130 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

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Jan. 1, 2003.

§ 32.7140 Gains and losses from foreign exchange.

This account shall include all gains and losses resulting from the exchange of foreign currency. Transaction (realized) gains or losses shall be measured based on the exchange rate in effect on the transaction date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7140 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7150 Gains and losses from the disposition of land and artworks.

This account shall include gains or losses resulting from the disposition of land or artworks.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7150 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7160 Other operating gains and losses.

This account shall be charged or credited, as appropriate, to record the results of transactions, events or circumstances which are of an operational nature, but occur irregularly or are peripheral to the major or central operations of the company and not provided for elsewhere.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7160 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7199 Content of accounts.

The Operating Tax accounts shall include the taxes arising from the central operations of the company.

§ 32.7200 Operating taxes.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7210 through 7250. Class B telephone companies shall use this account for operating taxes of the type and character required of Class A companies in Accounts 7210 through 7250.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7200 was revised, effective Aug. 6,

2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.7200 Operating taxes.

Class B telephone companies shall use this account for operating taxes of the type and character required of Class A companies in Accounts 7210 through 7250.

§ 32.7210 Operating investment tax credits—net.

(a) This account shall be charged and Account 4320, Unamortized Operating Investment Tax Credits—Net, shall be credited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.

(b) This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. (See also Account 7410, Nonoperating Investment Tax Credits—Net.) Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 6, 2002, § 32.7210 was amended by revising paragraph (b), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.7210 Operating investment tax credits—net.

(b) This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

§ 32.7220 Operating Federal income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, shall be credited for the amount of Federal Income Taxes for the current period. This account shall also reflect

subsequent adjustments to amounts previously charged.

(b) Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits and shall be amortized to income as directed by this Commission.

(d) No entries shall be made to this account to reflect interperiod tax allocations.

§ 32.7230 Operating state and local income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, shall be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(b) Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) No entries shall be made to this account to reflect interperiod tax allocations.

§ 32.7240 Operating other taxes.

(a) This account shall be charged and Account 4080, Other Taxes—Accrued, shall be credited for all taxes, other than Federal, state and local income taxes and payroll related taxes, related to regulated operations applicable to current periods. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes; this account shall also reflect subsequent adjustments to amounts previously charged.

(b) Special assessments for street and other improvements and special benefit taxes, such as water taxes and the like, shall be included in the operating expense accounts or investment accounts, as may be appropriate.

(c) Discounts allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

(d) Interest on tax assessments which are not paid when due shall be included

in Account 7540, Other Interest Deductions.

(e) Taxes paid by the company under tax-free covenants on indebtedness shall be charged to Account 7360, Other Nonoperating Income.

(f) Sales and use taxes shall be accounted for, so far as practicable, as part of the cost of the items to which the taxes relate.

(g) Taxes on rented telecommunications plant which are borne by the lessee shall be credited by the owner to Account 5240, Rent Revenue, and shall be charged by the lessee to the appropriate Plant Specific Operations Expense account.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb. 5, 2002, § 32.7240 was amended by revising paragraphs (d), (e), and (g), effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.7240 Operating other taxes.

* * * * *

(d) Interest on tax assessments which are not paid when due shall be included in Account 7500, Interest and related items.

(e) Taxes paid by the company under tax-free covenants on indebtedness shall be charged to Account 7300, Nonoperating income and expense.

* * * * *

(g) Taxes on rented telecommunications plant which are borne by the lessee shall be credited by the owner to Account 5200, Miscellaneous revenue, and shall be charged by the lessee to the appropriate Plant Specific Operations Expense account.

§ 32.7250 Provision for deferred operating income taxes—net.

(a) This account shall be charged or credited, as appropriate, with *contra entries* recorded to the following accounts for income tax expense that has been deferred in accordance with § 32.22 of Subpart B.

- 4100 Net Current Deferred Operating Income Taxes
- 4340 Net Noncurrent Deferred Operating Income Taxes

(b) Subsidiary record categories shall be maintained to distinguish between

Interest Deduc-
the company under
on indebtedness
account 7360, Other
axes shall be ac-
s practicable, as
e items to which

ed telecommuni-
are borne by the
i by the owner to
venue, and shall
see to the appro-
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At 67 FR 5698, Feb.
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Account 5200, Mis-
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Deferred Oper-

categories shall
guish between

property and nonproperty related de-
ferrals and so that the company may
separately report that amounts con-
tained herein that relate to Federal,
state and local income taxes. Such sub-
sidiary record categories shall be re-
ported as required by part 43 of this
Commission's Rules and Regulations.

§ 32.7299 Content of accounts.

The nonoperating income and ex-
pense accounts are intended to record
the results of transactions, events and
circumstances affecting the company
during a period, and which are not oper-
ational in nature. They shall include
such items as nonoperating taxes, divi-
dend income and interest income.
Whenever practicable the inflows and
outflows associated with a transaction
or event shall be matched and the re-
sult shown as a net gain or loss.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb.
6, 2002, § 32.7299 was removed, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003.

§ 32.7300 Nonoperating income and ex-
pense.

This account number shall be used by
Class A telephone companies to sum-
marize for reporting purposes the con-
tents of Accounts 7310 through 7370.
Class B telephone companies shall use
this account for nonoperating income
and expense items of the type and char-
acter required of Class A companies in
Accounts 7310 through 7370.

EFFECTIVE DATE NOTE: At 67 FR 5698, Feb.
6, 2002, § 32.7300 was revised, effective Aug. 6,
2002. At 67 FR 20052, Apr. 24, 2002, the effec-
tive date was delayed until Jan. 1, 2003. For
the convenience of the user, the revised text
is set forth as follows:

§ 32.7300 Nonoperating income and expense.

This account shall be used to record the re-
sults of transactions, events and cir-
cumstances affecting the company during a
period and which are not operational in na-
ture. This account shall include such items
as nonoperating taxes, dividend income and
interest income. Whenever practicable, the
inflows and outflows associated with a trans-
action or event shall be matched and the re-
sult shown as a net gain or loss. This ac-
count shall include the following:

(a) Dividends on investments in common
and preferred stock, which is the property of
the company, whether such stock is owned
by the company and held in its treasury, or

deposited in trust including sinking or other
funds, or otherwise controlled.

(b) Dividends received and receivable from
affiliated companies accounted for on the equ-
ity method shall be included in Account
1410, Other noncurrent assets, as a reduction
of the carrying value of the investments.

(c) Interest on securities, including notes
and other evidences of indebtedness, which
are the property of the company, whether
such securities are owned by the company
and held in its treasury, or deposited in trust
including sinking or other funds, or other-
wise controlled. It shall also include interest
on cash bank balances, certificates of depos-
its, open accounts, and other analogous
items.

(d) For each month the applicable amount
requisite to extinguish, during the interval
between the date of acquisition and date of
maturity, the difference between the pur-
chase price and the par value of securities
owned or held in sinking or other funds, the
income from which is includable in this ac-
count. Amounts thus credited or charged
shall be concurrently included in the ac-
counts in which the securities are carried.

(e) Amounts charged to the telecommuni-
cations plant under construction account re-
lated to allowance for funds used during con-
struction. (See § 32.2000(c)(2)(x).)

(f) Gains or losses resulting from:

(1) The disposition of land or artworks;

(2) The disposition of plant with traffic;

(3) The disposition of nonoperating tele-
communications plant not previously used in
the provision of telecommunications serv-
ices.

(g) All other items of income and gains or
losses from activities not specifically pro-
vided for elsewhere, including representative
items such as:

(1) Fees collected in connection with the
exchange of coupon bonds for registered
bonds;

(2) Gains or losses realized on the sale of
temporary cash investments or marketable
equity securities;

(3) Net unrealized losses on investments in
current marketable equity securities;

(4) Write-downs or write-offs of the book
costs of investment in equity securities due
to permanent impairment;

(5) Gains or losses of nonoperating nature
arising from foreign currency exchange or
translation;

(6) Gains or losses from the extinguish-
ment of debt made to satisfy sinking fund re-
quirements;

(7) Amortization of goodwill;

(8) Company's share of the earnings or
losses of affiliated companies accounted for
on the equity method; and

(9) The net balance of the revenue from and
the expenses (including depreciation, amorti-
zation and insurance) of property, plant, and

equipment, the cost of which is includable in Account 2006, Nonoperating plant.

(h) Costs that are typically given special regulatory scrutiny for ratemaking purposes. Unless specific justification to the contrary is given, such costs are presumed to be excluded from the costs of service in setting rates.

(1) Lobbying includes expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances, or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises, or for the purpose of influencing the decisions of public officials. This also includes advertising, gifts, honoraria, and political contributions. This does not include such expenditures which are directly related to communications with and appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations;

(2) Contributions for charitable, social or community welfare purposes;

(3) Membership fees and dues in social, service and recreational or athletic clubs and organizations;

(4) Penalties and fines paid on account of violations of statutes. This account shall also include penalties and fines paid on account of violations of U.S. antitrust statutes, including judgements and payments in settlement of civil and criminal suits alleging such violations; and

(5) Abandoned construction projects.

(i) Cash discounts on bills for material purchased shall not be included in this account.

§ 32.7310 Dividend income.

(a) This account shall include dividends on investments in common and preferred stock, which is the property of the company, whether such stock is owned by the company and held in its treasury, or deposited in trust (except in sinking or other funds, see paragraph (c) of this section), or otherwise controlled.

(b) These accounts shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other funds.

(c) Dividends on stocks of other companies held in sinking or other funds shall be credited to Account 7330, Income from Sinking and Other Funds.

(d) Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1401, Investments in Affiliated Companies, as a reduction of the carrying value of the investments.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7310 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7320 Interest income.

(a) This account shall include interest on securities, including notes and other evidences of indebtedness, which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust (except in sinking or other funds, see paragraph (d) to this section) or otherwise controlled. It shall also include interest on bank balances, certificates of deposits, open accounts, and other analogous items.

(b) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and date of maturity, the difference between the purchase price and the par value of securities owned, the income from which is includable in this account. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. Any such difference remaining unextinguished at the sale or upon the maturity and satisfaction of such securities shall be cleared to Account 7360, Other Nonoperating Income.

(c) These accounts shall not include interest or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other funds.

(d) Interest on cash and on securities issued by others shall be included in Account 7330, Income from Sinking and Other Funds, when such assets are held in sinking or other funds.

(e) Cash discounts on bills for material purchased shall not be included in this account.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7320 was removed, effective Aug. 6,

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§ 32.7330 Income from sinking and other funds.

(a) This account shall include the income accrued on cash, securities issued by other companies, and other assets (not including securities issued or assumed by the company) held in sinking and other funds.

(b) There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the difference between the purchase price and the par value of securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. Any such differences remaining unextinguished upon the maturity and satisfaction of such securities shall be cleared to Account 7360, Other Nonoperating Income.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7330 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7340 Allowance for funds used during construction.

This account shall be credited with amounts charged to the telecommunications plant under construction account. (See § 32.2000(c)(2)(x).)

[60 FR 12138, Mar. 6, 1995]

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7340 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7350 Gains or losses from the disposition of certain property.

This account shall include gains or losses resulting from the disposition of the following:

- (a) Gains or losses from the disposition of land or artworks;
- (b) Gains or losses from the disposition of plant with traffic; and
- (c) Gains or losses from the disposition of nonoperating telecommunications plant not previously used in the provision of telecommunications services.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7350 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7360 Other nonoperating income.

(a) This account shall include all other items of income and gains or losses from activities not specifically provided for elsewhere.

(b) This account shall include representative items as follows:

(1) Fees collected in connection with the exchange of coupon bonds for registered bonds;

(2) Gains or losses realized on the sale of temporary cash investments or marketable equity securities;

(3) Uncollectible amounts previously credited to accounts 7310 through 7350, inclusive;

(4) Net unrealized losses on investments in current marketable equity securities;

(5) Write-downs or write-offs of the book costs of investment in equity securities due to permanent impairment;

(6) Gains or losses of nonoperating nature arising from foreign currency exchange or translation;

(7) Gains or losses from the extinguishment of debt made to satisfy sinking fund requirements;

(8) Amortization of Goodwill;

(9) Company's share of the earnings or losses of affiliated companies accounted for on the equity method; and

(10) The net balance of the revenue from and the expenses (including depreciation, amortization and insurance) of property, plant, and equipment, the cost of which is includable in Account 2006, Nonoperating Plant.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7360 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7370 Special charges.

This account shall include the following costs that are typically given special regulatory scrutiny for rate-making purposes. Unless specific justification to the contrary is given, such costs are presumed to be excluded from the costs of service in setting rates.

(a) Lobbying includes expenditures for the purpose of influencing public opinion with respect to the election or

appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances, or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises, or for the purpose of influencing the decisions of public officials. This also includes advertising, gifts, honoraria, and political contributions. This does not include such expenditures which are directly related to communications with and appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations;

(b) Contributions for charitable, social or community welfare purposes;

(c) Membership fees and dues in social, service and recreational or athletic clubs and organizations;

(d) Penalties and fines paid on account of violations of statutes. This account shall also include penalties and fines paid on account of violations of U.S. antitrust statutes, including judgements and payments in settlement of civil and criminal suits alleging such violations; and

(e) Abandoned construction projects.

[51 FR 43499, Dec. 2, 1986, as amended at 54 FR 22758, May 26, 1989; 62 FR 20126, Apr. 25, 1997]

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7370 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7399 Content of accounts.

The Nonoperating Tax accounts shall include taxes arising from activities which are not a part of the central operations of the entity.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7399 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7400 Nonoperating taxes.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7410 through 7450. Class B telephone companies shall use this account for nonoperating taxes of the type and character required of

Class A companies in Accounts 7410 through 7450.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7400 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.7400 Nonoperating taxes.

This account shall include taxes arising from activities which are not a part of the central operations of the entity.

(a) This account shall be charged and Account 4330, Unamortized nonoperating investment tax credits—net, shall be credited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be credited and Account 4330 shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

(c) This account shall be charged and Account 4070, Income taxes—accrued, shall be credited for the amount of nonoperating Federal income taxes and state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(d) Taxes shall be accrued each month on an estimated basis and adjustments made as more current data becomes available.

(e) Companies that adopt the flow-through method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.

(f) No entries shall be made to this account to reflect interperiod tax allocation.

(g) Taxes (both Federal and state) shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(h) This account shall be charged and Account 4080, Other taxes—accrued, shall be credited for all nonoperating taxes, other than Federal, state and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise

1 Accounts 7410

At 67 FR 5699, Feb. 6, effective Aug. 6, 2002, the effective date was delayed until Jan. 1, 2003. For the revised text.

and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.

(i) This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for nonoperating tax expenses that has been deferred in accordance with § 32.22: 4110 Net Current Deferred Nonoperating Income Taxes, 4350 Net Noncurrent Deferred Nonoperating Income Taxes.

(j) Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report the amounts contained herein that relate to Federal, state and local income taxes. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

§ 32.7410 Nonoperating investment tax credits—net.

(a) This account shall be charged and Account 4330, Unamortized Nonoperating Investment Tax Credits—Net, shall be credited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be credited and Account 4330 shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7410 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7420 Nonoperating Federal income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, shall be credited for the amount of nonoperating Federal income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7420 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

(b) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) Companies that adopt the flow-through method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.

(d) No entries shall be made to this account to reflect interperiod tax allocation.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7420 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7430 Nonoperating state and local income taxes.

(a) This account shall be charged and Account 4070, Income Taxes—Accrued, should be credited for the amount of state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(b) Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(c) No entries shall be made to this account to reflect interperiod tax allocation.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7430 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7440 Nonoperating other taxes.

This account shall be charged and Account 4080, Other Taxes—Accrued, shall be credited for all nonoperating taxes, other than Federal, state and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7440 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7450 Provision for deferred nonoperating income taxes—net.

(a) This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for nonoperating tax expenses that has been deferred in accordance with § 32.22 of subpart B:

- 4110 Net Current Deferred Nonoperating Income Taxes
- 4350 Net Noncurrent Deferred Nonoperating Income Taxes

(b) Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report the amounts contained herein that relate to Federal, state and local income taxes. Such subsidiary record categories shall be reported as required by part 43 of this Commission's Rules and Regulations.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7450 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7499 Content of accounts.

Interest and related amounts shall be included in Accounts 7510 through 7540.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7499 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7500 Interest and related items.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7510 through 7540. Class B telephone companies shall use this account for interest and related items of the type and character required of Class A companies in Accounts 7510 through 7540.

EFFECTIVE DATE NOTE: At 67 FR 5699, Feb. 6, 2002, § 32.7500 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 32.7500 Interest and related items.

(a) This account shall include the current accruals of interest on all classes of funded debt the principal of which is includable in Account 4200, Long term debt and funded debt. It shall also include the interest on funded debt the maturity of which has been

extended by specific agreement. This account shall be kept so that the interest on each class of funded debt may be shown separately in the annual reports to this Commission.

(b) These accounts shall not include charges for interest on funded debt issued or assumed by the company and held by or for it, whether pledged as collateral or held in its treasury, in special deposits or in sinking or other funds.

(c) Interest expressly provided for and included in the face amount of securities issued shall be charged at the time of issuance to Account 1280, Prepayments, and cleared to this account as the term expires to which the interest applies.

(d) This account shall also include monthly amortization of balances in Account 4200, Long-term debt and funded debt.

(e) This account shall include the interest portion of each capital lease payment.

(f) This account shall include the monthly amortization of the balances in Account 1410, Other noncurrent assets.

(g) This account shall include all interest deductions not provided for elsewhere, e.g., discount, premium, and expense on notes maturing one year or less from date of issue.

(h) A list of representative items of indebtedness, the interest on which is chargeable to this account, follows:

- (1) Advances from affiliated companies;
- (2) Advances from nonaffiliated companies and other liabilities;
- (3) Assessments for public improvements past due;
- (4) Bond coupons, matured and unpaid;
- (5) Claims and judgments;
- (6) Customers' deposits;
- (7) Funded debt mature, with respect to which a definite agreement as to extension has not been made;
- (8) Notes payable on demand or maturing one year or less from date of issue;
- (9) Open accounts;
- (10) Tax assessments, past due; and
- (11) Discount, premium, and issuance expense of notes maturing one year or less from date of issue.

§ 32.7510 Interest on funded debt.

(a) This account shall include the current accruals of interest on all classes of debt the principal of which is includable in Account 4210, Funded Debt. It shall also include the interest on funded debt the maturity of which has been extended by specific agreement.

(b) This account shall be kept so that the interest on each class of funded debt may be shown separately in the annual reports to this Commission.

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(c) These accounts shall not include charges for interest on funded debt issued or assumed by the company and held by or for it, whether pledged as collateral or held in its treasury, in special deposits or in sinking or other funds.

(d) Interest expressly provided for and included in the face amount of securities issued shall be charged at the time of issuance to Account 1330, Other Prepayments, and cleared to this account as the term expires to which the interest applies.

(e) This account shall also include monthly amortization of balances in Accounts 4220, Premium on Long-Term Debt, and 4230, Discount on Long-Term Debt.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7510 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7520 Interest expense—capital leases.

This account shall include the interest portion of each capital lease payment.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7520 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7530 Amortization of debt issuance expense.

This account shall include the monthly amortization of the balances in Account 1407, Unamortized Debt Issuance Expense.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7530 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7540 Other interest deductions.

(a) This account shall include all interest deductions not provided for elsewhere, e.g., discount, premium, and expense on notes maturing one year or less from date of issue.

(b) A list of representative items of indebtedness, the interest on which is chargeable to this account, follows:

(1) Advances from affiliated companies;

(2) Advances from nonaffiliated companies and other liabilities

(3) Assessments for public improvements past due;

(4) Bond coupons, matured and unpaid;

(5) Claims and judgments;

(6) Customers' deposits;

(7) Funded debt mature, with respect to which a definite agreement as to extension has not been made;

(8) Notes payable on demand or maturing one year or less from date of issue;

(9) Open accounts;

(10) Tax assessments, past due; and

(11) Discount, premium, and issuance expense of notes maturing one year or less from date of issue.

(c) Interest payable on notes or other evidences of indebtedness maturing serially shall be charged to Account 7510, Interest of Funded Debt, if any portion of the obligation matures more than one year from date of issue.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7540 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7599 Content of accounts.

These accounts are intended to segregate the effects of events or transactions that are extraordinary. Extraordinary events and transactions are distinguished by both their unusual nature and by the infrequency of their occurrence, taking into account the environment in which the company operates. These accounts shall also include the related income tax effect of the extraordinary items.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7599 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7600 Extraordinary items.

This account number shall be used by Class A telephone companies to summarize for reporting purposes the contents of Accounts 7610 through 7640. Class B telephone companies shall use this account for transactions of the type and character required of Class A companies in Accounts 7610 through 7640.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7600 was revised, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003. For

the convenience of the user, the revised text is set forth as follows:

§ 32.7600 Extraordinary items.

(a) This account is intended to segregate the effects of events or transactions that are extraordinary. Extraordinary events and transactions are distinguished by both their unusual nature and by the infrequency of their occurrence, taking into account the environment in which the company operates. This account shall also include the related income tax effect of the extraordinary items.

(b) This account shall be credited and/or charged with nontypical, noncustomary and infrequently recurring gains and/or losses which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items.

(c) This account shall be charged or credited and Account 4070, Income taxes—accrued, shall be credited or charged for all current income tax effects (Federal, state and local) of extraordinary items.

(d) This account shall also be charged or credited, as appropriate, with a contra amount recorded to Account 4350, Net noncurrent deferred nonoperating income taxes or Account 4110, Net current deferred nonoperating income taxes for the income tax effects (Federal, state and local) of extraordinary items that have been deferred in accordance with § 32.22.

§ 32.7610 Extraordinary income credits.

This account shall be credited with nontypical, noncustomary and infrequently recurring gains which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7630, Current Income Tax Effect for Extraordinary Items—Net, and Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7610 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7620 Extraordinary income charges.

This account shall be debited with nontypical, noncustomary and infrequently recurring losses which would significantly distort the current year's income computed before such extraordinary items, if reported other than as

extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7630, Current Income Tax Effect for Extraordinary Items—Net, and Account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.

[54 FR 22758, May 26, 1989]

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7620 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7630 Current income tax effect of extraordinary items—net.

This account shall be charged or credited and Account 4070, Income Taxes—Accrued, shall be credited or charged for all current income tax effects (Federal, state and local) of items included in Accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7630 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7640 Provision for deferred income tax effect of extraordinary items—net.

This account shall be charged or credited, as appropriate, with a contra amount recorded to Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes or Account 4110, Net Current Deferred Nonoperating Income Taxes for the income tax effects (Federal, state and local) of items included in Accounts 7610, Extraordinary Income Credits, and 7620, Extraordinary Income Charges, that have been deferred in accordance with § 32.22 of Subpart B.

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb. 6, 2002, § 32.7640 was removed, effective Aug. 6, 2002. At 67 FR 20052, Apr. 24, 2002, the effective date was delayed until Jan. 1, 2003.

§ 32.7899 Content of accounts.

Jurisdictional differences and non-regulated income amounts shall be included in Accounts 7910 and 7990.

§ 32.7910 Income effect of jurisdictional ratemaking differences—net.

This account shall include the impact on revenues and expenses of the jurisdictional ratemaking practices

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sion. All entries recorded in this ac-
count shall be recorded net of the ap-
plicable income tax effects and shall be
supported by appropriate subsidiary
records, where necessary, as provided
for in § 32.13(e) of subpart B.

§ 32.7990 Nonregulated net income.

(a) This account shall be used by
those companies who offer nonregu-
lated activities that do not involve the
joint or common use of assets or re-
sources used in the provision of both
regulated and nonregulated products
and services, and which have not estab-
lished a separate subsidiary for that
purpose.

(b) All revenue and expenses (includ-
ing taxes) incurred in these nonregu-
lated activities shall be recorded on
separate books of account for such op-
erations. Only the net of the total reve-
nues and total expenses shall be re-
corded in this account, with a contra
debit or credit to account 1406.3.

[52 FR 6562, Mar. 4, 1987]

Subpart G—Glossary

§ 32.9000 Glossary of terms.

When used in this system of ac-
counts:

Accelerated depreciation means a de-
preciation method or period of time,
including the treatment given cost of
removal and gross salvage, used in cal-
culating depreciation deductions on in-
come tax returns which is different
from the depreciation method or period
of time prescribed by this Commission
for use in calculating depreciation ex-
pense recorded in a company's books of
account.

Account means a specific element of a
chart of accounts used to record, clas-
sify and accumulate similar financial
transactions resulting from the oper-
ations of the entity. "Accounts" or
"these accounts" refer to the accounts
of this system of accounts.

Accounting system means the total set
of interrelated principles, rules, re-
quirements, definitions, accounts,
records, procedures and mechanisms
necessary to operate and evaluate the
entity from a financial perspective. An
accounting system generally consists

of a chart of accounts, various parallel
subsystems and subsidiary records. An
accounting system is utilized to pro-
vide the necessary financial informa-
tion to users to meet judiciary and
other responsibilities.

Affiliated companies means companies
that directly or indirectly through one
or more intermediaries, control or are
controlled by, or are under common
control with, the accounting company.
See also Control.

Amortization means the systematic
recoveries, through ratable charges to
expense, of the cost of assets.

Associated equipment means that
equipment which functions with a spe-
cific type of plant or with two (2) or
more types of plant, e.g., switching
equipment, network power equipment,
circuit equipment, common channel
network signaling equipment or net-
work operations equipment. Associated
equipment shall be classified to the ac-
count appropriate for the type of equip-
ment with which it is predominately
used rather than on its own character-
istics.

Illustrative examples of associated
equipment are:

- Alarm and signal apparatus
- Auxiliary framing
- Cable and cable racks
- Distributing frames and equipment thereon
- Frame and aisle lighting equipment (not per-
manently attached to the building)
- Relay racks and panels

Basic service area means the min-
imum specified calling area for which a
tariff is prescribed.

Book cost means the amount at which
property is recorded in these accounts,
without deduction of related allow-
ances.

Common carrier or carrier means any
person engaged as a common carrier
for hire, in interstate or foreign com-
munication by wire or radio or in
interstate or foreign radio trans-
mission of energy, except where refer-
ence is made to common carriers not
subject to this Act; but a person en-
gaged in radio broadcasting shall not,
insofar as such person is so engaged, be
deemed a common carrier.

Company or the company, when not
otherwise indicated in the context,
means the accounting entity. It in-
cludes such unincorporated entities

which may be subject to the Communications Act of 1934, as amended.

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 with, one or more other companies, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract, or any other direct or indirect means.

Cost, except as applied to telecommunications plants, franchises, and patent rights, means the amount of money actually paid (or the current money value of any consideration other than money exchanged) for property or services. See also Original Cost.

Cost of removal means the cost of demolishing, dismantling, removing, tearing down, or otherwise disposing of telecommunications plant and recovering the salvage, including the cost of transportation and handling incident thereto.

Depreciation means the loss not restored by current maintenance, incurred in connection with the consumption or prospective retirement of telecommunications plant in the course of service from causes which are known to be in current operation, against which the company is not protected by insurance, and the effect of which can be forecast with a reasonable approach to accuracy. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in technology, changes in demand and requirements of public authorities.

Entity means a legal enterprise (common carrier) engaged in interstate communications within the meaning of the Communications Act of 1934, as amended.

Group plan, as applied to depreciation accounting, means the plan under which depreciation charges are accrued

upon the basis of the original cost of all property included in each depreciable plant account, using the average service life thereof properly weighted, and upon the retirement of any depreciable property its cost is charged to the depreciation reserve whether or not the particular item has attained the average service life.

Indexed revenue threshold for a given year means \$100 million, adjusted for inflation, as measured by the Department of Commerce Gross Domestic Product Chain-type Price Index (GDP-CPI), for the period from October 19, 1992 to the given year. The indexed revenue threshold for a given year shall be determined by multiplying \$100 million by the ratio of the annual value of the GDP-CPI for the given year to the estimated seasonally adjusted GDP-CPI on October 19, 1992. The indexed revenue threshold shall be rounded to the nearest \$1 million. The seasonally adjusted GDP-CPI on October 19, 1992 is determined to be 100.69.

Intangible property means assets that have no physical existence but instead have value because of the rights which ownership confers.

Intrasystems means assets consisting of:

(1) PBX and Key System Common Equipment (a switchboard or switching equipment shared by all stations);

(2) Associated CPE station equipment (usually telephone or Key Telephone Systems); and

(3) Intrasystem wiring (all cable or wiring and associated components which connect the common equipment and the station equipment, located on the customer's side of the demarcation point).

An intrasystem does not include property, plant or equipment which are not solely dedicated to its operation.

Mid-sized incumbent local exchange carrier is a carrier whose operating revenue equals or exceeds the indexed revenue threshold and whose revenue when aggregated with the revenues of any local exchange carrier that it controls, is controlled by, or with which it is under common control is less than \$7 billion. Each of these local exchange carriers would be eligible for Class B accounting, except as noted in § 32.11(b) and (d), even if the annual operating

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revenue of any individual local ex-
change carrier exceeds the indexed rev-
enue threshold (see definition for in-
dexed revenue threshold in this sec-
tion).

Minor items, as applied to depreciable
telecommunications plant, means any
part or element of such plant, which
when removed, (with or without re-
placement) does not initiate retire-
ment accounting.

Original cost or cost, as applied to
telecommunications plant, rights of
way and other intangible property,
means the actual money cost of (or the
current money value of any consider-
ation other than money exchanged for)
property at the time when it was first
dedicated to use by a regulated tele-
communications entity, whether the
accounting company or by prede-
cessors.

For the application of this definition to
property acquired from predecessors
see §32.2000(b)(1) of subpart C. Note also
the definition of Cost in this section.

Plant retired means plant which has
been removed, sold, abandoned, de-
stroyed, or otherwise withdrawn from
service.

Retirement units, as applied to depre-
ciable telecommunications plant,
means those items of plant which when
removed (with or without replacement)
cause the initiation of retirement ac-
counting entries.

Salvage value means the amount re-
ceived for property retired, if sold, or if
retained for reuse, the amount at
which the material recovered is
chargeable to Account 1220, Material
and Supplies, or other appropriate ac-
count.

Straight-line method, as applied to de-
preciation accounting, means the plan
under which the cost of property is
charged to operating expenses and
credited to accumulated depreciation
through equal annual charges as nearly
as may be during its service life.

Subsidiary record means accumulation
of detailed information which is re-
quired by this Commission to be main-
tained in support of entries to the ac-
counts.

Subsidiary record categories means
those segregations of certain regulated
costs, expenses and revenues which
must be maintained and are subject to

specific reporting requirements of this
Commission.

Subsystems, parallel mechanisms means
processes or procedures which augment
the use of a chart of accounts in the fi-
nancial operation of the entity. These
subsystems operate on and/or process
account and subsidiary record informa-
tion for specific purposes.

Telecommunications means any trans-
mission, emission, or reception of
signs, signals, writing, images or
sounds or intelligence of any nature by
wire, radio, visual or other electro-
magnetic systems. This encompasses
the aggregate of several modes of con-
veying information, signals or mes-
sages over a distance. Included in the
telecommunications industry is the
transmitting, receiving, or exchanging
of information among multiple loca-
tions. The minimum elements required
for the telecommunications process to
occur are a message source, a trans-
mission medium and a receiver.

Time of installation means the date at
which telecommunications plant is
placed in service.

Time of retirement means the date at
which telecommunications plant is re-
tired from service.

Tangible property means assets char-
acterized by physical existence, such as
land, buildings, equipment, furniture,
fixtures and tools.

[51 FR 43499, Dec. 2, 1986, as amended at 61
FR 50245, Sept. 25, 1996; 62 FR 39778, July 24,
1997; 62 FR 51064, Sept. 30, 1997; 64 FR 50008,
Sept. 15, 1999]

EFFECTIVE DATE NOTE: At 67 FR 5700, Feb.
6, 2002, §32.9000 was amended by revising the
definition of *Mid-sized incumbent local ex-
change carrier*, effective Aug. 6, 2002. At 67 FR
20052, Apr. 24, 2002, the effective date was de-
layed until Jan. 1, 2003. For the convenience
of the user, the revised text is set forth as
follows:

§32.9000 Glossary of terms.

* * * * *

Mid-sized incumbent local exchange carrier is
a carrier whose annual revenue from regu-
lated telecommunications operations equals
or exceeds the indexed revenue threshold and
whose revenue when aggregated with the
revenues of any local exchange carrier that
it controls, is controlled by, or with which it
is under common control is less than \$7 bil-
lion (indexed for inflation as measured by

the Department of Commerce Gross Domestic Product Chain-type Price Index (GDP-CPI)).

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PART 36—JURISDICTIONAL SEPARATIONS PROCEDURES; STANDARD PROCEDURES FOR SEPARATING TELECOMMUNICATIONS PROPERTY COSTS, REVENUES, EXPENSES, TAXES AND RESERVES FOR TELECOMMUNICATIONS COMPANIES¹

Subpart A—General

Sec.

- 36.1 General.
36.2 Fundamental principles underlying procedures.
36.3 Freezing of jurisdictional separations category relationships and/or allocation factors.

Subpart B—Telecommunications Property

GENERAL

- 36.101 Section arrangement.
36.102 General.

GENERAL SUPPORT FACILITIES

- 36.111 General.
36.112 Apportionment procedure.

CENTRAL OFFICE EQUIPMENT

- 36.121 General.
36.122 Categories and apportionment procedures.
36.123 Operator systems equipment—Category 1.
36.124 Tandem switching equipment—Category 2.
36.125 Local switching equipment—Category 3.
36.126 Circuit equipment—Category 4.

INFORMATION ORIGATION/TERMINATION (IOT) EQUIPMENT

- 36.141 General.
36.142 Categories and apportionment procedures.

CABLE AND WIRE FACILITIES

- 36.151 General.
36.152 Categories of Cable and Wire Facilities (C&WF).
36.153 Assignment of Cable and Wire Facilities (C&WF) to categories.
36.154 Exchange Line Cable and Wire Facilities (C&WF)—Category 1—apportionment procedures.

- 36.155 Wideband and exchange truck (C&WF)—Category 2—apportionment procedures.
36.156 Interexchange Cable and Wire Facilities (C&WF)—Category 3—apportionment procedures.
36.157 Host/remote message Cable and Wire Facilities (C&WF)—Category 4—apportionment procedures.

AMORTIZABLE ASSETS

- 36.161 Tangible assets—Account 2680.
36.162 Intangible assets—Account 2690.

TELECOMMUNICATIONS PLANT—OTHER

- 36.171 Property held for future telecommunications use—Account 2002; Telecommunications plant under construction—Account 2003; and Telecommunications plant adjustment—Account 2005.

RURAL TELEPHONE BANK STOCK

- 36.172 Investment in nonaffiliated companies—Account 1402.

MATERIAL AND SUPPLIES AND CASH WORKING CAPITAL

- 36.181 Material and supplies—Account 1220.
36.182 Cash working capital.

EQUAL ACCESS EQUIPMENT

- 36.191 Equal access equipment.

Subpart C—Operating Revenues and Certain Income Accounts

GENERAL

- 36.201 Section arrangement.
36.202 General.

OPERATING REVENUES

- 36.211 General.
36.212 Basic local services revenue—Account 5000.
36.213 Network access services revenues.
36.214 Long distance message revenue—Account 5100.
36.215 Miscellaneous revenue—Account 5200.
36.216 Uncollectible revenue—Account 5300.

CERTAIN INCOME ACCOUNTS

- 36.221 Other operating income and expenses—Account 7100.
36.222 Nonoperating income and expenses—Account 7300.
36.223 Interest and related items—Account 7500.
36.224 Extraordinary items—Account 7600.
36.225 Income effect of jurisdictional rate-making differences—Account 7910.

Subpart D—Operating Expenses and Taxes

GENERAL

- 36.301 Section arrangement.