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§ 663.1 Purpose of telecommunications plant accounts

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

(b) 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 nonrecurring 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 of initial charges based on the estimated cost of removal of such plant or equipment shall be credited to account 3100, Accumulated Depreciation. Amounts received for construction which are ultimately to be repaid wholly or in part, shall be credited to account 4360, Other 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 7110, Income from Custom Work.)

(c) When telecommunications plant ordinarily having a service life of more than one year is installed for temporary use in providing telecommunications 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 system changes and similar installations of property used to provide telecommunications service.

(d) The cost of individual items of equipment, classifiable to Accounts 2112, Motor Vehicles; 2113, Aircraft; 2114, Special Purpose Vehicles; 2115, Garage Work Equipment; 2116, Other Work Equipment; 2122, Furniture; 2123, Office Equipment; and 2124, General Purpose Computers, costing \$ 2,000 or less or having a life of less than one year may be charged to the applicable Plant Specific Operations Expense Accounts, except for personal computers falling within Account 2124. Personal computers classifiable to Account 2124, with a total cost for all components, including initial operating software, 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 materials and supplies account until the items are used.

(e) The ledgers containing the primary telephone plant accounts and subdivisions thereof shall be kept so as to show on their face (1) additions, (2) retirements, and (3) transfers and adjustments. Corrections of errors, and adjustments to additions or retirements in the current or preceding year, shall be classified as additions or retirements.

§ 663.2 Telecommunications plant acquired

(a) Property, plant and equipment acquired from an entity, whether or not affiliated with the accounting company, shall be accounted for at original cost.

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

(1) 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.

(2) The original cost, estimated if not known, of telecommunications plant, governmental franchises and other similar rights acquired shall be charged to 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.

(3) The amounts of the theoretical accumulated depreciation requirements for depreciation and amortization of plant acquired shall be credited to account 3100, Accumulated Depreciation, or account 3200, Accumulated Depreciation--Held for Future Telecommunications Use, 3410, Accumulated Amortization--Capitalized Leases, 3420, Accumulated Amortization--Leasehold Improvements, 3500, Accumulated Amortization--Intangible, and 3600, Accumulated Amortization--Other, and debited to account 1439.

(4) Any amount remaining in account 1439, applicable to the plant acquired, shall, upon completion of the entries provided in paragraphs (1), (2) and (3) of this subdivision, be debited or credited, as applicable, to account 2007, Goodwill, or to subaccount 2005.1, Telecommunications Plant Acquisition Adjustment, as appropriate.

(c) 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.

(d) Companies shall submit to the commission for consideration and approval copies of journal entries recording acquisition of telecommunications plant covered by this instruction when the consideration paid is \$ 100,000 or greater (Class A companies) and \$ 25,000 or greater (Class B companies) (See section 661.1 of this Title). The text of such entries shall give a complete description of the property acquired and the basis upon which the amounts of the entries have been determined.

§ 663.3 Cost of construction

(a) 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.

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

(1) 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 workers' compensation insurance, payroll taxes, benefits and other similar items of expense.

(2) 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 workers' compensation insurance, payroll taxes, benefits and other similar items of expense.

(3) 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 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.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

(9) Special machine service includes the cost of labor expended, materials and supplies consumed and other expenses incurred in the maintenance, 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.

(10) Allowance for funds used during construction includes the cost of debt and equity funds used in the construction of telecommunications property and shall be applied to telecommunications property in accounts 2003 and 2004 unless otherwise directed by the commission. Allowance for funds used during construction shall be charged to the accounts appropriate for the cost of the property acquired or constructed as follows:

(i) Reasonable amounts of interest during the construction period (before the property is received or is completed ready for telecommunications service) on general funds expended for any acquisition or construction of telecommunications plant shall be computed on amounts in accounts 2003, Telecommunications Plant Under Construction--Short Term and 2004, Telecommunications Plant Under Construction--Long Term and shall be charged thereto. Such amounts shall be credited to account 7340, Allowance For Funds Used During Construction.

(ii) When funds, derived from the sales of bonds, notes and other interest-bearing debt, are specifically acquired and separately held for use in the construction of telecommunications plant, the total interest, discount or premium, and expense on such debt, less interest earned on such funds, applicable to the accounting period shall be included in the cost of telecommunications plant and credited to account 7340, Allowance For Funds Used During Construction; provided, however, that no interest charge for a period longer than six months prior to the commencement of construction work shall be made unless specifically authorized by the commission.

(iii) During the period of suspension of a construction project, no allowance for funds used during construction for a period longer than six months from the date of its suspension shall be included in these accounts unless specifically authorized by the commission. No allowance for funds used during construction charge shall be included in these accounts on expenditures for construction projects which have been abandoned.

(11) 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 nonperformance of contractual obligations of others.

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

(13) 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.

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

§ 663.4 Retirement units

The retirement units (note also section 663.5 (b) (1) of this Part) are listed in the retirement unit list appended to this system of accounts. Additions to or revisions of this list will be issued, when necessary, by this commission, to which any

applications for such additions or revisions shall be presented by the company. (The retirement unit list is set out at the end of this system of accounts.)

§ 663.5 Telecommunications plant retired

(a) 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 (b) (2) 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 for Class A companies or \$ 10,000 for Class B companies 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 subdivision (c) of this section). Every company shall establish procedures which will ensure compliance with these requirements.

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

(1) Retirement units. This group includes major items of property, as shown in the Retirement Units List of this system of accounts. (The Retirement Units List is set out at the end of the system of accounts, *infra*.) 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.

(2) 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.

(c) 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 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. 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 section 663.7 of this Part, standard practices for establishing and maintaining continuing property records.)

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

(1) Amounts included in subaccount 2005.1, Telecommunications Plant Acquisition Adjustment; subaccount 2005.2, Other Plant Adjustment; 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 accounts 3410, 3420, 3500, 3600 and credited to the applicable accounts.

(2) Amounts in account 2111, Land, and amounts for works of art recorded in account 2122, Furniture, shall be treated at disposition, with commission approval, as a gain or loss and shall be credited or debited to account 7150, Gains and Losses from Disposition of Land and Artworks, as applicable. The gain or loss shall be the difference between such original cost and the sale price (less commissions and other expenses of making the sale) of the land or artwork. If land or artwork is retained by the company and held for sale, the cost shall be charged to account 2006, Nonoperating Plant.

(e) 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 property that was ever included in regulated accounts shall, with commission approval, 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 paragraph C of account 3100, Accumulated Depreciation.

(f) Attention is directed further to the following abstract from section 99, subdivision 2 of the Public Service Law, which defines the commission's authority to require approval for the assignment or transfer by a telegraph or telephone company of its owned or leased property. Notwithstanding the foregoing, any such transfer or lease with an original cost of:

(1) less than \$ 100,000 proposed by a telephone corporation having annual gross revenues in excess of \$ 200,000,000;

(2) less than \$ 25,000 proposed by a telephone corporation having annual gross revenues of less than \$ 200,000,000;

or

(3) less than \$ 10,000 proposed by a telephone corporation having annual gross revenues of less than \$ 10,000,000 shall be effective without the commission's written consent within 90 days after such corporation notifies the commission that it plans to complete such transfer or lease and submits a description of the transfer or lease, provided however, that the commission may determine within such 90 days that the public interest requires its review and written consent.

§ 663.6 Continuing property records required

(a) The continuing property records are that portion of the total property accounting system which preserves the following detailed information:

(1) the identity, vintage, location and original cost of units of property; and

(2) original and ongoing transactional data (plant account activity) in terms of such units.

(b) The continuing property records must be (1) subject to internal accounting controls, (2) auditable, (3) 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 (4) maintained throughout the life of the property.

(c) Companies shall establish and maintain continuing 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.

(d) The company shall prepare and maintain the continuing property record as follows:

(1) Not later than December 31st of the year following that in which the company becomes subject to this system of accounts, begin the preparation of a continuing property record.

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

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

(e) The continuing property record components (see subdivision (a), (b) and (c) of this section) shall be arranged in conformity with the regulated plant accounts prescribed in this system of accounts as follows:

(1) The continuing property records shall be compiled on the basis of original cost (or other book cost consistent with this system of accounts). The continuing property records shall be maintained as prescribed in section 663.7(b) (3) in such manner as will meet the following basic objectives:

(i) provide for the verification of property record units by physical examination;

(ii) provide for accurate accounting for retirements; and

(iii) provide data for use in connection with depreciation studies.

(f) The following additional continuing property records requirements shall be complied with by Class A companies only:

(1) The Class A continuing 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 subdivisions (a) and (b) of this section, and paragraph (3) of this subdivision.

(2) 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 uniform system of accounts 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 continuing property records.

(3) The continuing property records also shall preserve 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.

(g) Each Class A company shall notify the commission of a plan for the continuing property record as follows:

(1) Not later than December 31st of the year following that in which it becomes subject to this system of accounts, the company shall file with the commission two copies of a complete plan of the method to be used in the compilation of a continuing 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 section 663.7(a) (1) and (2) of this Part. 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 section 663.7(b) (1), (2) and (3) can be satisfied.

(2) The company shall submit to the commission one copy of major proposed changes in its continuing property record plan at least 30 days before the effective date of the proposed changes.

§ 663.7 Standard practices for establishing and maintaining continuing property records

(a) Accounting area. (1) The continuing property record, as related to each primary plant account, shall be established and maintained by subaccount 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.

(2) 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.

(b) Property record units. (1) 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 the amount of original cost (or other appropriate book cost) associated with such units. Such units shall apply to only the regulated portion of this system of accounts.

(2) 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.

(3) The continuing property record shall reveal the description, location, date of placement, the essential details of construction, and the original cost (note also subdivision (c) of this section) 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.

(c) 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 below:

(1) 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 subparagraph (2) (ii) of this subdivision).

(2) Averaging. (i) 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.

(ii) 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.

(d) 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.

(e) 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 record 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 subdivision (d) of this section), the 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.

(f) 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.

(g) 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.

(h) 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.

(i) Jointly owned property. (1) With respect to jointly owned property, there shall be shown in the continuing property record or records supplemental thereto:

(i) the identity of all joint owners; and

(ii) the percentage owned by the accounting company.

(2) 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.

(3) 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.

(4) 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.

§ 663.8 Work order system required

(a) Each company shall record all changes in telecommunications plant by means of a work order system which shall include a work order estimate and a work in progress record, and all installations, additions, retirements and replacements of retirement units (note the Retirement Units List at the end of this system of accounts) shall be covered thereby. Standing work orders (sometimes known as routine estimates) may be used (1) by Class A companies, for plant changes of like character whose estimated gross additions or retirements for an individual project are less than \$ 100,000, and (2) by Class B companies, for plant changes of like character whose estimated gross additions or retirements for an individual project are less than \$ 10,000. These limits may be modified by order of this commission, upon application, when warranted by particular circumstances.

Note: When work is to be done for which a work order estimate is not used and when part or all of the cost will be ultimately billed to others, the records shall be kept so that details of the costs, including an allowance for funds used during construction, can be readily ascertained. (This type of order is commonly known as custom work order or keep cost order and should be identified by a series of distinctive designations.)

(b) The work order estimate shall include the following:

(1) A designation number or letter and the signature of the officer or employee who authorized the work, purchase or sale, and the date of such authorization. If the authorization is by the board of directors or another body or committee, the proper officer shall so state over his signature. In case a new set of numbers is started at the beginning of each calendar or fiscal year, the designation shall identify each estimate so that it will not be confused with other estimates bearing the same number.

(2) A description and the location of the work to be done (or the purchase, or retirement to be made) and the dates between which it is proposed to progress the project, the date when work was begun and the date when completed. The date when any major portion or complete assembly is placed in or discontinued from service shall be shown consistently either in the work order estimate or in the work in progress record.

(3) Detailed estimates of the cost of the project to be supported by maps, plans, diagrams, specifications, etc., applicable.

(4) The account or accounts to which the cost of the project is to be distributed and retirements credited, and the amount estimated for each such account.

(5) Any variations between estimates and the actual cost of the project.

(6) When a project involves changes in existing telecommunications plant, the work order estimate or the work in progress record shall show the year or period of installation of the property retired or otherwise affected, and shall show or refer to other records which cover the book cost (estimated if not known, with the basis of the estimate stated) and the name and page of the accounting and engineering books and records covering such installation and the cost thereof.

(c) The work in progress record shall contain the following:

(1) A designation number or letter which shall correspond to the number or letter on the work order estimate covering the same project. When more than one work in progress record covers the expenditures on a work order estimate, each shall be numbered or lettered so as to be readily identifiable with the work order estimate for that project.

(2) The accumulated charges and credits applicable to each project, the total cost of the complete project, the cost of removal and value of salvage recovered shall be shown together with the quantity of material installed or retired and, so far as practicable, the number of retirement units installed or retired. When any project involves amounts distributable to more than one telecommunications plant or other account, the work in progress record shall be kept so as to show the amount applicable to each account. Every charge or credit on a work in progress record shall be readily verifiable from

detailed underlying sources. Indirect construction costs (see section 663.3(b) (13) of this Part) shall be separately stated for each account by classes. Credits representing contributions toward construction shall be recorded so as to show name of contributor and a distribution by plant accounts of the amount received. (Note section 663.1(b) of this Part.)

(d) Amounts on open work orders shall support accounts 2003 and 2004, Telecommunications Plant Under Construction--Short Term and Long Term respectively, and account 3100.01, Retirement Work In Progress, (note also account 3100, subdivision C), except that standing work orders (routine estimates) may reflect expenditures on short term construction or retirement projects which are not carried through those accounts. Upon coming into service, completed portions involving additions to plant accounts shall be transferred to appropriate accounts although other portions of the work covered by the same order are not yet completed and the work order has not been closed. Maintenance costs initially charged to a work order shall be cleared monthly. When use of a retirement unit ceases, the book cost thereof, estimated if not known, shall be credited to the proper account even though the plant has not been actually dismantled. (Note also section 663.5 of this Part.)

Note A: Requirement of the use of the work order system here outlined may be suspended by order of this commission when a company satisfies this commission that the procedure which it follows gives equivalent detail of changes in telecommunications plant accounts in substantially the same form and with the promptness which the accounting system contemplates. The identification of expenditures with property must be completed and clear and the detail of each project must be readily available. Note B: The work order system is required to record changes, both additions and retirements, in plant used wholly or partly, in telecommunications operations. Its use is recommended, however, in recording other expenditures such as repairs and research projects, plant changes in other departments, and custom, construction or maintenance work for others.

§ 663.9 Items lists

The items lists are provided for the purpose of clearly indicating the application of the prescribed accounting in specific cases. These lists are published separately by the director of the Office of Accounting and Finance or his designee. Companies shall be guided by the lists in recording the cost of specific assets in the telecommunications plant in service detail accounts (accounts 2111 through 2690). These lists do not comprise all of the items to be recorded in the specific accounts but are considered to be representative of them. The appearance of an item in a list warrants the recording of such item in the designated account only when the text of the account also indicates inclusion in the account, inasmuch as the same item frequently appears in more than one list.