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§ 667.1 Purpose of the income accounts

The income accounts, accounts 5000 through 7991, are designed to report the results of operations of a telecommunications company for each calendar year. Operating revenues shall be reported in accounts 5000 through 5302; operating expenses in accounts 6110 through 6790; other operating income and expense in accounts 7100 through 7160; operating taxes in accounts 7200 through 7250; nonoperating income and expense in accounts 7300 through 7370; nonoperating taxes in accounts 7400 through 7450; interest and related charges in accounts 7500 through 7540.2; extraordinary items in accounts 7600 through 7640 and jurisdictional differences and nonregulated income in accounts 7910, 7990 and 7991. The income accounts shall include all items of profit or loss from operations for the calendar year. The net credit or debit balance from income accounts for the calendar year shall be transferred to accounts 4550.2 Unappropriated Undistributed Affiliate Earnings or 4550.4 Balance Transferred from Income, as appropriate.

ACCOUNTS
BALANCE SHEET ACCOUNTS
ASSETS AND OTHER DEBITSCURRENT ASSETS

Cash and Equivalents

- 1130 Cash
- 1140 Special Cash Deposits
- 1150 Working Cash Advances
- 1160 Temporary Investments

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- 1180 Telecommunications Accounts Receivable
- 1181 Accounts Receivable Allowance--Telecommunications
- 1190.1 Accounts Receivable From Affiliated Companies
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- 1191 Accounts Receivable Allowance--Other and Affiliated
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- 1210 Interest and Dividends Receivable
- 1220 Inventories

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- 1290 Prepaid Rents
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- 1310 Prepaid Insurance
- 1320 Prepaid Directory Expenses
- 1330 Other Prepayments

Other Current Assets

- 1350 Other Current Assets
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1401.1 Investments in Affiliated Companies
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Deferred Charges

1438 Deferred Maintenance and Retirements
1439 Deferred Charges

Other

1500 Other Jurisdictional Assets--Net
1510 Noncurrent Deferred Income Taxes--Dr

CURRENT ASSETS

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.

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 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.

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. (See section 661.16(i) of this Title.)

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, U.S. 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.

Note: See section 661.16(i) of this Title.

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. Subaccounts shall be maintained in accordance with the instructions in section 661.16(i) of this Title.

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.

1190.1. Accounts Receivable from Affiliated Companies

A. This account shall include all amounts currently due from affiliated companies 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. Amounts included in this account 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.

Note: If any items included in this account are not to be paid currently they shall be transferred to account 1401.2, Advances to Affiliated Companies.

1190.2. Other Accounts Receivable

A. This account shall include all amounts currently due, other than those from affiliated companies, 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. If any items included in this account are not to be paid currently they shall be transferred to account 1410, Other Noncurrent Assets.

1191. Accounts Receivable Allowance--Other and Affiliated

A. This account shall be credited with amounts charged to account 5302, Uncollectible Revenue--Other to provide for uncollectible amounts included in account 1190.1, Accounts Receivable from Affiliated Companies, or account 1190.2, 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 1190.1 or account 1190.2. 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.

1200.1. Notes Receivable from Affiliated Companies

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 from affiliated companies on demand or within a time not exceeding one year from date of issue.

1200.2. Other Notes Receivable

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 from nonaffiliated companies or individuals on demand or within a time not exceeding one year from date of issue.

1201. Notes Receivable Allowance--Other and Affiliated

A. This account shall be credited with amounts charged to account 6790, Provision for Uncollectible Notes Receivable to provide for uncollectible amounts included in account 1200.1, Notes Receivable from Affiliated Companies or account 1200.2, Other 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 1200.1 or account 1200.2. 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.

1210. Interest and Dividends Receivable

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 dividends 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, advances, and open accounts, shall be included in accounts 1180, Telecommunications Accounts Receivable, 1190.1, Accounts Receivable from Affiliated Companies or account 1190.2, Other Accounts Receivable, as appropriate.

D. Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in account 1401.1, Investments in Affiliated Companies, as a reduction of the carrying value of the investment.

1220. Inventories

A. This account shall include the cost of material and supplies held in stock and inventories of goods held for resale or lease. The investment in inventories shall be maintained in the following subaccounts:

1220.1. Material and supplies

1220.2. Property held for sale or lease

B. This account shall not include material and supplies which are dedicated to the company's nonregulated activities unless that activity involves joint or common use of assets and resources in the provision of regulated and nonregulated products and services.

C. 1220.1 Material and supplies. This subaccount shall include the cost of material and supplies held in stock including plant supplies, motor vehicles supplies, tools, fuel, other supplies and material and articles of the company in process of manufacture for supply stock. (See section 663.3(b)(3) of this Title).

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 charges 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 deducted in determining the cost of the particular material to which they relate or credited to the account to which the material is charged. When such deduction is not practicable, discounts shall be equitably apportioned among the detail accounts to which material is charged.

F. Material recovered in connection with construction, maintenance or retirement of property shall be charged to this account as follows:

(1) Reusable items that, when installed or in service, were retirement units shall be included in this account at the original cost, estimated if not known. (Note also section 663.5(c) of this Title.)

(2) Reusable minor items that, when installed or in service, were not retirement units shall be included in this account at current prices new.

(3) The cost of repairing reusable material shall be charged to the appropriate account in the plant specific operations expense accounts.

(4) Scrap and nonusable material included in this account shall be carried at the estimated amount which will be received therefor. The difference between 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 account.

G. Interest paid on material bills, the payments of which are delayed, shall be charged to account 7540.1, Other Interest Deductions--Affiliated companies, or account 7540.2, Other Interest Deductions, as appropriate.

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 shortages and overages shall be charged and credited, respectively, to account 5280, Nonregulated Operating Revenue.

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. (Note also section 663.3 (b) of this Title.)

1300. Prepaid Taxes

This account shall include the balance of all taxes, other than amounts chargeable to telecommunications 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. (Note also section 663.3(b)(8) of this Title.)

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. (Note also section 663.3(b)(11) of this Title.)

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 6622.2, Number Services--Directory Publishing. Amounts in this account shall be cleared to account 6622.2 by monthly charges representing that portion of the expenses applicable to each month.

1330. Other Prepayments

This account shall include prepayments, other than those includible 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.

1350. Other Current Assets

This account shall include the amount of all current assets which are not includible in accounts 1130 through 1330, inclusive, such as unmatured rent receivable. (Note also section 662.2 of this Title.)

1360. Current Deferred Income Taxes--Dr

A. This account shall include the balance of related income taxes resulting from a normalized method of accounting which are paid in advance, but which are expected to be charged to income in a future period (within one year).

B. As items which generated the prepaid income tax are reclassified from long-term to current, the appropriate prepaid income tax shall be reclassified from account 1510, Noncurrent Deferred Income Taxes--Dr, to this account.

C. This account shall be debited with the amount being credited to account 7250, Provision for Deferred Operating Income Taxes--Net or account 7450, Provision for Deferred Nonoperating Income Taxes--Net, or account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items--Net in accordance with the account's description and provisions of section 661.13 of this Title.

D. This account shall be credited with the amount being charged to either account 7250, 7450 or 7640 in accordance with the text of those accounts.

E. A separate subaccount shall be provided hereunder for operating and nonoperating deferred taxes and also those related to extraordinary items.

F. 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 tax timing differences.

NONCURRENT ASSETS

1401.1. 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 by 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. Unless otherwise directed by the commission, the company shall apply generally accepted accounting principles in choosing the method of accounting for investments in affiliates.

D. Amortization of goodwill which represents the difference between acquisition cost and the book value of an investment that is accounted for by the equity method, shall be amortized by monthly charges, on a straight-line basis, to account 7360, Other Nonoperating Income, over the periods estimated to be benefitted, but not exceeding forty years.

E. A subsidiary record shall be kept identifying separately common stocks, preferred stocks, 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.

F. Amounts due from affiliated companies which are subject to current settlement shall be included in account 1180, Telecommunications Accounts Receivable, account 1190.1, Accounts Receivable from Affiliated Companies, or account 1200.1, Notes Receivable from Affiliated Companies, as appropriate.

G. 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.

Note: Section 661.16(h).

1401.2. Advances to Affiliated Companies

This account shall include investment advances to affiliated companies 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.

Note A: Amounts due from affiliated companies which are subject to current settlement shall be included in accounts 1180, 1190.1 or 1200.1, as appropriate.

Note B: Funds advanced to affiliated companies other than investment advances shall be included in account 1150, Working Cash Advances.

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 to account 7360, Other Nonoperating Income, 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 1190.2, Other Accounts Receivable, or account 1200.2, Other Notes Receivable, as appropriate.

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 section 661.14 of this Title.

B. The investment in this account shall be maintained by the following subaccounts:

1406.1 Permanent Investment

1406.2 Receivable/Payable

1406.3 Current Net Income or Loss

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. Unamortized debt issuance expense related to reacquired debt shall be disposed of as provided in account 4240, Reacquired Debt.

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.

C. A subsidiary record shall be kept of each issue outstanding.

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.

D. When long-term debt is reacquired and retired (primarily redemptions for sinking fund purposes), the face amount of the debt shall be charged to account 4210, Funded Debt. The gain or loss shall be recognized at the time of retirement 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.)

1410. Other Noncurrent Assets

This account shall include the amount of all noncurrent assets which are not includable in accounts 1401.1 through 1408.

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 (Note also section 663.5. of this Title.)

B. Charges provided for in paragraph A above 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.

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 have failed; revenue, expense, and income items held in suspense (Note also section 661.9); amounts paid for options pending final disposition.

B. This account shall include the 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 7370, Special Charges.

C. This account shall include also the 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 7370.

1500. Other Jurisdictional Assets--Net

This account shall include the cumulative impact on assets of jurisdictional 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 supported by subsidiary records where necessary as provided for in section 661.3 of this Title.

1510. Noncurrent Deferred Income Taxes--Dr

A. This account shall include the balance of income tax expense resulting from a normalized method of accounting which are paid in advance (more than one year) of the period in which they are chargeable to income.

B. This account shall be debited and the prescribed income account shall be credited to reflect the offset for the tax effect of certain items which have been included in the determination of taxable Income, but which will not be included in the determination of book income until a period in excess of 12 months in the future for regulated, nonregulated operations and extraordinary items transactions which have been included in the determination of taxable income (more than one year).

C. As items which generated the prepaid income tax are reclassified from long-term to current, the appropriate prepaid income tax shall be reclassified from this account to account 1360, Current Deferred Income Taxes -- Dr.

D. A separate subaccount shall be provided hereunder for operating and nonoperating deferred taxes and also those related to extraordinary items.

E. 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 tax timing difference.

REGULATED PLANT ACCOUNTS

PROPERTY, PLANT AND EQUIPMENT

- 2001. Telecommunications Plant in Service
- 2002. Property Held for Future Telecommunications Use
- 2003. Telecommunications Plant Under Construction--Short Term
- 2004. Telecommunications Plant Under Construction--Long Term
- 2005. Telecommunications Plant Adjustment
- 2006. Nonoperating Plant
- 2007. Goodwill

TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)

TPIS -- General Support Assets

- 2111. Land
- 2112. Motor Vehicles
- 2113. Aircraft
- 2114. Special Purpose Vehicles
- 2115. Garage Work Equipment
- 2116. Other Work Equipment
- 2121. Buildings
- 2122. Furniture
- 2123. Office Equipment
- 2124. General Purpose Computers

TPIS -- Central Office Assets

- 2211. Analog Electronic Switching
- 2212. Digital Electronic Switching
- 2215. Electro-Mechanical Switching
- 2220. Operator Systems
- 2231. Radio Systems
- 2232. Circuit Equipment

TPIS -- Information Origination/Termination Assets

- 2311. Station Apparatus
- 2321. Customer Premises Wiring
- 2341. Large Private Branch Exchanges

2351. Public Telephone Terminal Equipment

2352. Other Terminal Equipment

TPIS -- Cable and Wire Facilities Assets

2411. Poles

2421. Aerial Cable

2422. Underground Cable

2423. Buried Cable

2424. Submarine Cable

2425. Deep Sea Cable

2426. Intrabuilding Network Cable

2431. Aerial Wire

2441. Conduit Systems

TPIS -- Amortizable Assets

2681. Capital Leases

2682. Leasehold improvements

2690. Intangibles

PROPERTY, PLANT, AND EQUIPMENT

2001. Telecommunications Plant in Service

This account shall include the original cost of the investment included in accounts 2111 through 2690.

2002. Property Held for Future Telecommunications Use

A. This account shall include the original cost of property owned other than station apparatus, and held for imminent use in telecommunications service under a definite plan for such use.

B. The property included in this account shall be classified in separate subaccounts, according to the primary accounts for telecommunications plant in service.

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

2003. Telecommunications Plant Under Construction--Short Term

A. This account shall include the original cost of construction projects designed to be completed in one year or less. (Note also section 663.3 of this Title.)

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 (Class A) or \$ 10,000 (Class B). (See section 661.1 of this Title.)

C. When the plant includable in this account is not ready for service at the end of one year, the cost of construction of the plant shall be transferred to account 2004, Telecommunications Plant Under Construction--Long Term, without further direction or approval of this commission. If a construction project has been suspended for six months or more, the cost of the plant includable in this account shall be transferred to account 2004 without further direction or approval of this commission. 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.

E. Subsidiary record categories shall be maintained in order that the entity may separately report the amounts contained herein that relate to interest bearing and non-interest bearing construction.

F. Expenditures on research and development projects for construction facilities are to be included in a separate subaccount. Records shall be maintained to show separately each project with complete detail of the nature and purpose of the project together with related costs.

Note: The cost of any construction project charged to the plant accounts shall be supported by a routine work order or work order estimate prepared and maintained in accordance with section 663.8. Entries in the plant accounts with respect to such costs shall include the designated number or letter of the work order or work order estimate covering the project to which the costs relate.

2004. Telecommunications Plant Under Construction -- Long Term

A. This account shall include the original cost of construction projects designed to be completed in more than one year. (Note also section 663.3. of this Title.)

B. There may 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 (Class A) or \$ 10,000 (Class B). (See section 661.1 of this Title.)

C. 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.

2005. Telecommunications Plant Adjustment

A. This account shall include amounts for adjustments to telecommunications plant related to plant acquisitions as prescribed in section 663.2. This account shall also include the amount of any adjustments to plant arising from a reconciliation of the company's books with its continuing property records or any other plant adjustments as required by the commission. This account shall be maintained according to the following subaccounts:

2005.1 Telecommunications Plant Acquisition Adjustment

2005.2 Other Plant Adjustment

B. 2005.1. Telecommunications Plant Acquisition Adjustment

(1) This subaccount shall include amounts determined in accordance with section 663.2 representing the difference between (a) the amount of money actually paid (or the money value of any consideration other than money exchanged) for telecommunications plant acquired, plus preliminary expenses incurred in connection with the acquisition; and (b) 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.

(2) The amounts recorded in this subaccount 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:

(a) 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 subparagraph (c) below apply, debit amounts shall be amortized to account 6565, Amortization Expense--Other. (Note also account 3600 Accumulated Amortization--Other.)

(b) Credit amounts shall be disposed of in such manner as this commission may approve or direct, except for credit amounts referred to in subparagraph (c) below.

(c) Within one year from the date of inclusion in this subaccount 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 (Class A) or \$ 10,000 (Class B) and that the plant was not acquired from an affiliated company. (See section 661.1 of this Title.)

Note: Disposition as herein provided is for accounting purposes only and shall not be construed as determining or controlling the amount or disposition of the items in a rate or other proceeding, nor shall anything contained in subparagraph (2) of this subaccount be construed as precluding the commission from subsequently requiring disposition of such amounts in a different manner or from altering a previously determined amortization period.

C. 2005.2 Other Plant Adjustment

(1) This subaccount shall include the difference between original cost, estimated if not known, and the book cost of telecommunications plant to the extent that such difference is not related to the acquisition of telecommunications plant, and for which disposition has not previously been made as prescribed in section 663.2 of this Title. This subaccount shall also include any other plant adjustments as directed by the commission.

(2) The amounts included in this subaccount shall be classified to show the nature of each amount and shall be disposed of as the commission may approve or direct.

Note: The provisions of this subaccount shall not be construed as approving or authorizing the recording of appreciation of plant.

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.

Note: The disposition of any gain or loss arising from the sale of assets being carried in account 2006 shall be at the discretion of the commission if such assets had at any time previously been recorded in the regulated plant accounts of the accounting entity.

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.

TELECOMMUNICATIONS PLANT IN SERVICE--DETAIL ACCOUNTS

General Support Assets

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. (See also section 663.5(d)(2) of this Title.)

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, Nonoperating Plant.

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.

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. (See also section 663.1(d) of this Title.)

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. (See also section 663.1(d) of this Title.)

2114. Special Purpose Vehicles

This account shall include the original cost of special purpose vehicles. (See also section 663.1(d) of this Title.)

2115. Garage Work Equipment

This account shall include the original cost of tools and equipment used to maintain items included in accounts 2112 through 2116. (See also section 663.1 (d) of this Title.)

Note: Separate records shall be maintained for the equipment assigned to each location.

2116. Other Work Equipment

This account shall include the original cost of power operated equipment, general purpose tools and other items of work equipment. (See also section 663.1 (d) of this Title.)

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.

2122. Furniture

This account shall include the original cost of furniture in offices, storerooms, 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. (See also section 663.1 (d).)

2123. Office Equipment

A. This account shall include office equipment and shall be maintained by the following subaccounts:

2123.1 Office Support Equipment

2123.2 Company Communications Equipment

B. 2123.1 Office Support Equipment

This subaccount shall include the original cost of office equipment in offices, shops and all other quarters.

C. 2123.2 Company Communications Equipment

This subaccount shall include the original cost of private branch exchange and key system intrasystems, as well as station apparatus including its associated inside wiring, installed for company use.

D. The cost of any equipment attached to and constituting a part of a building shall be charged to account 2121, Buildings.

E. Equipment costing \$ 200 or less shall be charged to the appropriate expense account, including the associated inside wiring.

F. Cost of wires or cables used for equipment in the above subaccounts that were previously recorded with Customer Premises Wiring or Large Private Branch Exchanges/Other Terminal Equipment should be included in this account.

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. This account shall include the original cost of initial operating system software for computers classifiable to this account whether acquired separately or in conjunction with associated hardware. Software additions or modifications to the initial operating system shall be charged to the appropriate expense account.

D. This account does not include the cost of computers, their associated peripheral devices, and their initial operating system software associated with switching, network signaling, network operations or other specific telecommunications plant. Such computers, peripherals, and software shall be classified to the appropriate switching, network signaling, network expense, or other plant account. Central Office Assets

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.

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 nondedicated 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.

2215. Electro-Mechanical Switching

A. This account shall include the original cost of nonelectronic 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 nonelectronic 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.

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.

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 satellites (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, noncellular radio facilities, and terrestrial microwave radio facilities.

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 combina-

tions 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. Information Origination/Termination Assets

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 customers' 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. Disposition units are major items of equipment included in this account which designate the units to be accounted for when apparatus is considered to be finally withdrawn from service or transferred to other telecommunications plant accounts. 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 2116, 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 this account, shall be compared with the corresponding number of station apparatus items as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through account 3100, Accumulated Depreciation. Appropriate verifications shall also be made at suitable intervals and necessary adjustments between this account and account 3100 shall be made for all station apparatus included in this account.

G. Items of station apparatus in stock for which no further use in the ordinary conduct of the business is contemplated, but which as a precautionary measure, are held for possible future contingencies instead of being junked, shall be excluded from this account and included in subaccount 1220.2, Property Held For Sale or Lease.

H. Embedded CPE is that equipment or inventory which was tariffed or otherwise subject to the jurisdictional separations process as of January 1, 1983.

2321. Customer Premises Wiring

A. This account shall include all amounts transferred from the former account 232, Station Connections, inside wiring subclass.

B. The investment in Customer Premises Wiring is to be amortized to account 6561, Depreciation, with a corresponding credit to account 3100, Depreciation Reserve, over a 10-year period commencing no later than July 1, 1982. In calculating this amortization, the company shall first determine the net book cost of Customer Premises Wiring by subtracting the depreciation reserve attributable to Customer Premises Wiring from the book cost of Customer Premises Wiring. This net book cost shall be divided by the number of months remaining in the 10-year amortization period to

determine the appropriate amortization for that month. For example, the amortization amount for the first month would be determined by dividing the net book cost by 120. The second month, by 119, the third month by 118, etc. The embedded investment on the books up to July 1, 1982 will be fully recovered by July 1, 1992.

C. When Customer Premises Wiring is physically removed, sold, destroyed, or abandoned, the original cost (actual or estimated average unit cost) carried in this account shall be credited, hereto and charged to account 3100, Depreciation Reserve: or if a separate depreciation reserve account or accounts are established for customer premises wiring, the debit entry shall be made to the appropriate depreciation reserve account.

D. Embedded Customer Premises Wiring is that investment in customer premises wiring equipment or inventory which was capitalized prior to July 1, 1982.

2341. Large Private Branch Exchanges

A. This account shall include the original cost, including the cost of installation, of multiple manual private branch exchanges and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed for customers' use. This account shall also include the original cost of other large installations of station equipment (1) which do not constitute stations, (2) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (3) for which individual or other specialized cost records are appropriate. (Note also account 2311, Station Apparatus.)

B. The cost of intrabuilding network cables including their associated cross-connection boxes, terminals, distributing frames, etc., is chargeable to account 2426, intra-building Network Cable.

C. The cost of outside plant, whether or not on private property, used with intra-building network cable shall be charged to the appropriate outside plant accounts.

D. Private branch exchanges for company official use shall be included in account 2123, Office Equipment.

E. Embedded CPE is that equipment or inventory which is tariffed or otherwise subject to the jurisdictional separations process as of January 1, 1983. Inventories of Large Private Branch Exchanges equipment is included in account 1220, Inventories.

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 telephones installed for use by the public. It does not include the costs of customer-owned, coin-operated telephones.

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 telephone will also be charged to account 6351.

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 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. The term disposition unit is used to identify major items of equipment; they designate the units to be accounted for when apparatus is considered to be finally withdrawn from service or transferred to other telecommunications plant accounts.

C. This account shall not include company-used apparatus. (See account 2123.2.)Cable and Wire Facilities Assets

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.

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.

Note A: The cost of cable 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.

Note B: Statistical records shall be kept that the utility can determine readily the miles of wire in aerial cable, except that no such reporting is required as regards drop and block wires.

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.

(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 drop and block wires served by underground cable shall be included in account 2423, Buried Cable.

C. 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.

Note: Statistical records shall be kept so that the utility can determine readily the miles of wire in underground cable.

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 drop and block wires served by either underground or buried cable shall be included in this account.

Note: Statistical records shall be kept so that the utility can determine readily the miles of wire in buried cable.

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.

Note: Statistical records shall be kept so that the utility can determine readily the miles of wire in submarine cable.

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.

Note: Statistical records shall be kept so that the utility can determine readily the miles of wire in deep sea cable.

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 nonmetallic 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. 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.

Note: Statistical records shall be kept so that the utility can determine readily the miles of wire in intrabuilding network cable.

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.

Note: Statistical records shall be kept so that the utility can determine readily the miles of aerial wire.

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. It shall also include the cost of manholes, handholes and service boxes constructed for use with the conduit system.

B. 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 nonmetallic buried cable or metallic buried cable subsidiary record category, as appropriate.

C. 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. Amortizable Assets

2681. Capital Leases

A. This account shall include all property acquired under a capital lease. (Note section 661.18 of this Title.) 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. (The lessee utility shall compute the present value of the minimum lease payments using its incremental borrowing rate, unless (1) it is practicable for the utility to learn the implicit rate computed by the lessor, and (2) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.)

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.

D. If at any time the lessee and lessor agree to change the provisions of the lease, other than by renewing the lease or extending its term, in a manner that would have resulted in a different classification of the lease under the criteria in paragraph A had the changed terms been in effect at the inception of the lease, the revised agreement shall be considered as a new agreement over its term, and the criteria in paragraph A shall be applied for purposes of classifying the new lease. Likewise, any action that extends the lease beyond the expiration of the existing lease term, such as the exercise of a lease renewal option other than those already included in the lease term, shall be considered as a new agreement and shall be classified according to the above provisions. Changes in estimates (for example, changes in estimates of the economic life or the residual value of the leased property) or changes in circumstances (for example, default by the lessee) shall not give rise to a new classification of a lease for accounting purposes.

E. For corporate ledger and balance sheet purposes this account shall be treated as a single composite account. For purposes of analysis, the company shall maintain subsidiary records in which this account is broken down into component parts corresponding to the primary telecommunications plant accounts or subdivisions thereof which include leased plant.

Note: Capital leases related to assets used solely in nonregulated activities are included in account 1406, Nonregulated investments. (See section 662.2.)

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.

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 having a life of one year or less shall be charged directly to account 6564, Amortization Expense -Intangible, or as otherwise directed by the commission. Such intangibles acquired at small cost may also be charged to account 6564, irrespective of their term of life.

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).

DEPRECIATION AND AMORTIZATION ACCOUNTS

3100. Accumulated Depreciation

3200. Accumulated Depreciation -- Held for Future Telecommunications Use

3300. Accumulated Depreciation -- Nonoperating

3410. Accumulated Amortization -- Capitalized Leases

3420. Accumulated Amortization -- Leasehold Improvements

3500. Accumulated Amortization -- Intangible

3600. Accumulated Amortization -- Other

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 currently 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. (With respect to entries relating to station apparatus and station connections, see accounts 2311 and

2321.) When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders shall be included in a separate subaccount hereunder, titled 3100.01, Retirement Work in Progress. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made as provided in paragraph E, infra.

D. This account shall be credited with amounts charged to account 1438, Deferred Maintenance and Retirements, as provided in section 664.4. This account shall be credited with amounts charged to 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.

E. For corporate ledger and balance sheet purposes this account shall be regarded and treated as a single composite reserve. However, for purposes of analysis, the company shall maintain subsidiary records in which the depreciation reserve is broken down into component parts corresponding to the primary telecommunications plant accounts or subdivisions thereof, which include depreciable telecommunications plant (note also section 664.3). Such subsidiary records shall reflect the current credits and debits to the account in sufficient detail to show separately for each primary telecommunications plant account (1) the amount of depreciation accrued, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items including recoveries from insurance.

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.

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 by* included in account 7350, Gains or Losses from the 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.

*So in original "by" should be "be"

3410. Accumulated Amortization -- Capitalized Leases

A. This account shall include the accumulated amortization associated with the investment contained in account 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, Accumulated Depreciation-Nonoperating.)

C. When any item carried in account 2681 is sold, is relinquished, or is 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 to account 7160, Other Operating Gains and Losses, or account 7360, Other Nonoperating Income, as appropriate.

D. The company shall maintain subsidiary records in which this account is broken down into component parts corresponding to the primary telecommunications plant accounts or subdivisions thereof which include leased plant.

3420. Accumulated Amortization Leasehold Improvements

A. This account shall include the accumulated amortization associated with the investment contained in account 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--Nonoperating.)

C. When any item carried in account 2682 is sold, is relinquished, or is 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 to account 7360, Other Nonoperating Income.

3500. Accumulated Amortization Intangible

A. This account shall include the accumulated amortization associated with the investment contained in account 2690, intangibles.

B. This account shall be credited with amortization amounts concurrently charged to account 6564, Amortization Expense intangible. (Note also account 3300, Accumulated Depreciation--Nonoperating.)

C. When any item carried in account 2690 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 to account 7360, Other Nonoperating Income.

3600. Accumulated Amortization-- Other

A. This account shall include the accumulated amortization of telecommunications plant acquisition adjustments and other plant adjustments recorded in account 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 to account 7360, Other Nonoperating Income.

D. Subsidiary records shall be maintained in order to separately identify the amounts contained herein that relate to the amortization of amounts carried in subaccount 2005.1, Telecommunications Plant Acquisition Adjustment and sub-account 2005.2, Other Plant Adjustment.

BALANCE SHEET ACCOUNTS

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

- 4010.1. Accounts Payable to Affiliated Companies
- 4010.2. Other Accounts Payable
- 4020.1. Notes Payable to Affiliated Companies
- 4020.2. Other Notes Payable
- 4030. Advance Billing and Payments
- 4040. Customers' Deposits
- 4050. Current Maturities--Long-Term Debt
- 4060. Current Maturities--Capital Leases
- 4070. Income Taxes--Accrued
- 4080. Other Taxes--Accrued
- 4100. Current Deferred Operating Income Taxes--Cr
- 4110. Current Deferred Nonoperating Income Taxes--Cr

4120. Other Accrued Liabilities

4130. Other Current Liabilities

Long-Term Debt

4210. Funded Debt

4220. Premium on Long-Term Debt

4230. Discount on Long-Term Debt

4240. Reacquired Debt

4250. Obligations Under Capital Leases

4260. Advances from Affiliated Companies

4270. Other Long-Term Debt

Other Liabilities and Deferred Credits

4310. Other Long-Term Liabilities

4320. Unamortized Operating Investment Tax Credits--Net

4330. Unamortized Nonoperating Investment Tax Credits--Net

4340. Noncurrent Deferred Operating Income Taxes--Cr

4350. Noncurrent Deferred Nonoperating Income Taxes--Cr

4360. Other Deferred Credits
4370. Other Jurisdictional Liabilities and Deferred Credits--Net

Stockholders' Equity

4510.1. Capital Stock--Common

4510.2. Capital Stock--Preferred

4520. Additional Paid--In Capital

4530. Treasury Stock

4540. Other Capital

4550.1. Appropriated Retained Earnings

4550.2. Unappropriated Undistributed Affiliate Earnings

4550.3. Unappropriated Retained Earnings

CURRENT LIABILITIES

4010.1. Accounts Payable to Affiliated Companies

A. This account shall include all amounts currently due to affiliated companies 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.

B. There shall be included herein accounts payable arising from sharing of revenues.

C. A separate subaccount shall be maintained for each affiliate as prescribed in section 661.16(h).

Note: If items included in this account are not actually paid currently they shall be transferred to account 4260, Advances from Affiliated Companies.

4010.2. Other Accounts Payable

A. This account shall include all amounts currently due to nonaffiliated companies and individuals 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. There shall be included herein accounts payable arising from sharing of revenues.

4020.1. Notes Payable to Affiliated Companies

A. This account shall include the face amount of notes, drafts, and other evidences of indebtedness to affiliated companies 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 4260, Advances from Affiliated Companies, 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. A separate subaccount shall be maintained for each affiliate as prescribed in section 661.16(h).

4020.2. Other Notes Payable

A. This account shall include the face amount of notes, drafts, and other evidences of indebtedness to nonaffiliated companies and individuals 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 4210, 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.

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.

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.

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.

4060. Current Maturities -- Capital Leases

This account shall include the current portion of obligations applicable to property obtained under capital leases.

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. (Note also section 663.3 (b) (8).)

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. (Note also section 663.3(b)(8) of this Title.)

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.

4100. Current Deferred Operating Income Taxes -- Cr

A. This account shall include the balance of income tax expense related to current items from regulated operations which have been deferred to later periods as a result of the normalized method of accounting for tax credits authorized by this commission and not provided for elsewhere.

B. As regulated assets 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, Noncurrent Deferred Operating Income Taxes -- Cr, to this account.

C. This account shall be credited with the amount being debited to account 7250, Provision For Deferred Operating Income Taxes--Net, in accordance with that account's description and provisions of section 661.13.

D. This account shall be debited with the amount being credited (reversed) to account 7250, Provision for Deferred Operating Income Taxes--Net, in accordance with that account's description and provisions of section 661.13.

E. 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 turn-around of the tax timing difference.

F. 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.

4110. Current Deferred Nonoperating Income Taxes -- Cr

A. This account shall include the balance of income tax expense resulting from comprehensive interperiod tax allocation which has been deferred to later periods.

B. As other assets 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, Noncurrent Deferred Nonoperating Income Taxes -- Cr, to this account.

C. This account shall be credited with the amount being debited to account 7450, Provision For Deferred Nonoperating Income Taxes--Net, in accordance with that account's description and section 661.13.

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, Noncurrent Deferred Nonoperating Income Taxes -Cr, to this account.

F. This account shall be credited or debited with the amount being debited and credited 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 the deferred income tax. If there is no related asset or liability, classification shall be based on the expected turn-around.

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.

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 4010.2,

Other Accounts Payable.

D. Interest payable under monthly settlements on short-term loans, advances, and open accounts shall be included in account 4010.2.

4130. Other Current Liabilities

This account shall include liabilities of current character which are not includable in accounts 4010.1 through 4120.
LONG-TERM DEBT

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, including 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 nondetachable 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.

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 on securities issued after the effective date of January 1, 1988 shall be amortized monthly by the interest method or as directed by the commission and credited to account 7510.3, Amortization of Premium on Long-Term Debt-Credit. Unamortized premium related to reacquired debt shall be disposed of as provided in

account 4240, Recquired Debt. Amounts included in this account for securities issued prior to January 1, 1988 shall continue to be amortized using the straight-line method. (Note also paragraph C of account 4210, Funded Debt.)

C. Subsidiary records shall be maintained to identify the premium attributable to each issue.

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 on securities issued after the effective date of January 1, 1988 shall be amortized monthly by the interest method or as directed by the commission and charged to account 7510.2, Amortization of Discount on Long-Term Debt. Unamortized discount related to reacquired debt shall be disposed of as provided in account 4240, Recquired Debt. Amounts included in this account for securities issued prior to January 1, 1988 shall continue to be amortized using the straight-line method. (Note also paragraph C of account 4210, Funded Debt.)

C. Subsidiary records shall be maintained to identify the discount attributable to each issue.

4240. Recquired Debt

A. 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.)

B. The gain or loss is the difference between the amount paid upon reacquisition and the face value; plus any unamortized premium less any related unamortized debt expense and reacquisition costs; or less any unamortized discount, related debt expense and reacquisition costs applicable to the debt redeemed.

C. Reacquisition, with refunding. When the redemption of one issue or series of bonds or other long-term obligation is financed by another issue or series before the maturity date of the first issue, the gains or losses ordinarily recognized in income, as in paragraph A above, may be subject to amortization upon approval by the commission.

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.

4260. Advances from Affiliated Companies

A. This account shall include the amount of advances from affiliated companies.

B. Amounts due affiliated companies which are subject to current settlement shall be included in account 4010.1 or 4020.1, as appropriate.

C. Separate subaccounts shall be maintained for each affiliate as prescribed in section 661.16(h).

4270. Other Long-Term Debt

This account shall include long-term debt not provided for elsewhere.

OTHER LIABILITIES AND DEFERRED CREDITS

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.

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.

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.

4340. Noncurrent Deferred Operating Income Taxes -- Cr

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 timing differences that arise from regulated operations.

B. This account shall be credited and account 7250, Provision for Deferred Operating Income Taxes--Net, shall be debited to 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.

C. This account shall be debited and account 7250, Provision for Deferred Operating Income Taxes--Net, shall be credited to reflect the reversal of the tax effects initially credited in accordance with paragraph B of this account.

D. As regulated assets which generated the 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, Current Deferred Operating Income Taxes -- Cr.

E. 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 turn-around of the tax timing difference.

F. 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.

4350. Noncurrent Deferred Nonoperating Income Taxes -- Cr

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 tax allocation related to nonoperating timing differences.

B. This account shall be credited and account 7450, Provision for Deferred Nonoperating Income Taxes--Net, shall reflect the offset for the tax effect of items from other operations and extraordinary items and nonoperating items which have been included in the determination of taxable income, but which will not be included in the determination of book income.

C. As other assets or liabilities which generated the 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 4110, Current Deferred Nonoperating Income Taxes -- Cr.

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 credited or charged with the contra amount recorded to account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items--Net, in accordance with section 661.13 of this Title.

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, Current Deferred Nonoperating Income Taxes -- Cr.

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 turn-around of the tax timing 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.

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. (See also section 661.9. of this Title.)

4370. Other Jurisdictional Liabilities and Deferred Credits -- Net

This account shall include the cumulative impact on liabilities and deferred credits of the jurisdictional 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 supported by appropriate subsidiary records where necessary as provided for in section 661.3(e) of this Title.

STOCKHOLDERS' EQUITY

4510.1. Capital Stock -- Common

4510.2. Capital Stock -- Preferred

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 the amount of stocks without par value and with par value, classified according to preferences in distribution of dividends or assets.

C. This account shall be charged with the book amount of any stock retired.

D. Before recording journal entries which propose to spread upon the company's books to record the reacquirement of capital stock or other securities issued or assumed by the company under a plan for the issuance in exchange of the company's securities, the company shall present a statement indicating the plan of proposed accounting to this commission for consideration and approval. Such statement shall give complete information concerning the plan of exchange, the authority of the regulatory body with respect thereto, if any, and the basis upon which the amounts have been determined.

E. Before recording journal entries which propose to spread upon the company's books to record the issuance or assumption by the company of nonpar capital stock or appropriations of retained earnings for transfer to nonpar capital stock accounts, the company shall present the plan of accounting to this commission for consideration and approval. Such statement shall give complete information with respect to the basis upon which the amounts to be recorded have been determined.

4520. Additional Paid-in Capital

A. This account shall include the difference between the net proceeds (including premium and stock issuance expense) received from the issuance of capital stock and the amount includable in accounts 4510.1, Capital Stock-Common, and 4510.2, Capital Stock Preferred, unless such difference results in a debit balance for that class of stock, in which case the amount shall be charged to account 4550.8, Adjustments to Retained Earnings.

B. This account shall also include gains arising from the retirement and cancellation of capital stock and gains arising from the reacquisition and resale of the company's capital stock. Losses from the retirement and cancellation of capital stock and losses from the reacquisition and sale of the company's 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 4550.8, Adjustments to Retained Earnings.

4530. Treasury Stock

A. 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.

B. Gains and losses on the sale of treasury stock shall be included in account 4520, Additional Paid-in Capital. Losses shall be charged to account 4520 only to the extent that there exists credits from previous sales or retirements of the same

class of stock; otherwise, to retained earnings. The gain or loss on the sale of treasury stock shall be the difference, if any, between the cost of the treasury stock when reacquired and the amount actually received from the sale less commissions and other expenses of making the sale. Upon sale or other disposition, the amount credited to this account shall be exactly the same as the amount which was debited to this account when the treasury stock was acquired.

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 1401.1, Investment in Affiliated Companies.)

4550.1. Appropriated Retained Earnings

A. This account shall include the amount of retained earnings which has been appropriated or set aside for specific purposes.

B. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

4550.2. Unappropriated Undistributed Affiliate Earnings

This account shall include the balance, either debit or credit, of undistributed retained earnings of affiliated companies accounted for on the equity method since their acquisition. When dividends are received from affiliated companies relating to amounts included in this account, this account shall be debited and account 4550.3, Unappropriated Retained Earnings, credited.

4550.3. Unappropriated Retained Earnings

A. This account shall include the balances, either debit or credit, of unappropriated retained earnings arising from earnings of the utility. This account shall not include any amounts representing the undistributed earnings of subsidiary companies.

B. The following group of accounts (4550.4 to 4550.8) shall be maintained throughout the year to show net changes in account 4550.3, Unappropriated Retained Earnings, during the calendar year. No entries shall be made directly to account 4550.3, except as provided for in account 4550.2, Unappropriated Undistributed Affiliate Earnings. At the end of each calendar year, the balance of accounts 4550.4 to 4550.8, inclusive, shall be closed into account 4550.3.

C. 4550.4 Balance Transferred from income. This account shall include the net credit or debit transferred from income for the year, after the exclusion of the company's share in the earnings or losses of affiliated companies accounted for under the equity method. (Note also account 4550.2, Unappropriated Undistributed Affiliated Earnings.)

D. 4550.5 Appropriations of Retained Earnings. This account shall include all appropriations of retained earnings required under the terms of mortgages, deeds of trust, order of courts or by action of regulatory authorities, contracts, or other agreements, and retained earnings appropriated at the company's discretion.

E. 4550.6 Dividends Declared--Preferred Stock

4550.7. Dividends Declared--Common Stock

(1) These accounts shall include amounts declared payable out of retained earnings as dividends on actually outstanding capital issued by the company.

(2) Dividends shall be segregated for each class and series of capital stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

F. 4550.8 Adjustments to Retained Earnings.

(1) This account shall, with prior commission approval (see section 661.17(b) of this Title), include significant nonrecurring transactions accounted for as prior period adjustments, as follows:

(a) Correction of an error in the financial statements of a prior year.

(b) Adjustments that result from realization of income tax benefits of preacquisition operating loss carry forwards of purchased subsidiaries.

All other items of profit and loss recognized during a year shall be included in the determination of net income for that year.

(2) Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock shall be included in this account. (See account 4520, Additional Paid-in Capital, for the treatment of gains.)

REVENUE ACCOUNTS

Local Network Services Revenues

- 5000. Basic Local Service Revenue
- 5001. Basic Area Revenue
- 5002. Optional Extended Area Revenue
- 5003. Cellular Mobile Revenue
- 5004. Other Mobile Services Revenue
- 5010. Public Telephone Revenue
- 5040. Local Private Line Revenue
- 5050. Customer Premises Revenue
- 5060. Other Local Exchange Revenue
- 5069. Other Local Exchange Revenue Settlements

Network Access Services Revenue

- 5080. Network Access Revenue
- 5081. End User Revenue
- 5082. Switched Access Revenue
- 5083. Special Access Revenue
- 5084. State Access Revenue

Long Distance Network Services Revenues

- 5100. Long Distance Message Revenue
- 5110. Unidirectional Long Distance Revenue
- 5111. Long Distance Inward--Only Revenue
- 5112. Long Distance Outward--Only Revenue
- 5120. Long Distance Private Network Revenue
- 5121. Subvoice Grade Long Distance Private Network Revenue
- 5122. Voice Grade Long Distance Private Network Revenue
- 5123. Audio Program Grade Long Distance Private Network Revenue
- 5124. Video Program Grade Long Distance Private Network Revenue
- 5125. Digital Transmission Long Distance Private Network Revenue
- 5126. Long Distance Private Network Switching Revenue
- 5128. Other Long Distance Private Network Revenue

- 5129. Other Long Distance Private Network Revenue Settlements
- 5160. Other Long Distance Revenue
- 5169. Other Long Distance Revenue Settlements

Miscellaneous Revenues

- 5230. Directory Revenue
- 5240. Rent Revenue
- 5250. Corporate Operations Revenue
- 5260. Miscellaneous Revenue
- 5261. Special Billing Arrangements Revenue
- 5262. Customer Operations Revenue
- 5263. Plant Operations Revenue
- 5264. Other Incidental Regulated Revenue
- 5269. Other Revenue Settlements
- 5270.1. Interstate Billing and Collection Revenue
- 5270.2. Intrastate Billing and Collection Revenue
- 5280. Nonregulated Operating Revenue

Uncollectible Revenues

- 5300. Uncollectible Revenue
- 5301. Uncollectible Revenue--Telecommunications
- 5302. Uncollectible Revenue--Other

LOCAL NETWORK SERVICES REVENUES

5000. Basic Local Service Revenue

This account number shall be used to summarize for reporting purposes the contents of accounts 5001 through 5004.

5001. Basic Area Revenue

A. This account shall include monthly revenue derived from the provision of basic local area message services such as flat-rate services and measured services as well as local usage charges not included in basic monthly rates. Included is revenue derived from nonoptional extended area services. Also included is revenue derived from the billed or guaranteed portion of semipublic services and locality mileage charges.

B. Revenue derived from charges for nonpublished numbers or additional and bold-faced listings in the alphabetical section of the company's telephone directories shall be included in account 5230, Directory Revenue.

C. Subsidiary record categories shall be maintained in order that the company may separately report the amounts that are contained herein that relate to regional calling plans and local rate plans.

Note: Message revenue from public and semipublic coin telephones shall be credited to account 5010, Public Telephone Revenue.

5002. Optional Extended Area Revenue

This account shall include total revenue derived from the provision of optional extended area service.

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.

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.

5010. Public Telephone Revenue

This account shall include message revenue (e. g., coin paid) and other revenue derived from public and semipublic telephone services provided within the basic service area.

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).

5050. Customer Premises Revenue

A. 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.

B. Subsidiary record categories shall be maintained to segregate monthly recurring revenues and nonrecurring revenues such as charges for installation of customer premises wiring or jacks, moves and relocations of premises wiring and premise wiring terminations, locating and repairing trouble faults on the customers side of the demarcation point.

5060. Other Local Exchange Revenue

A. 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 touchtone 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 nonpremise customer specific charges associated with public network services. This account shall also include local revenue not provided for in other accounts.

B. Subsidiary record categories shall be maintained in order that the company may report separately the amounts contained herein that relate to secondary features (i.e., call forwarding, call waiting, touchtone service), operator call completion services, non-recurring charges for central office related installations, moves and changes, recorded announcement services, tax surcharges and Federal transfer surcharges, and other exchange revenues (e.g., Centrex, Pathway services).

Note: Bid revenues associated with mass announcement services shall be included in account 5264, Other Incidental Regulated Revenues.

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 section 665.5 of this Title.) 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.

NETWORK ACCESS SERVICES REVENUES

5080. Network Access Revenue

A. This account number shall be used to summarize for reporting purposes the contents of accounts 5081 through 5084. It shall include revenue derived from the provision of exchange access services to an interexchange carrier or to an end user of telecommunications service 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.

5081. End User Revenue

This account shall contain the federally tariffed monthly flat-rate charge assessed upon end users.

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.

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, non-recurring charges and surcharges.

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 shall be included in account 5270.1, Interstate Billing and Collection Revenues, or account 5270.2, Intrastate Billing and Collection Revenues.

C. Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to end user revenues, switched access revenues and special access revenues.

LONG DISTANCE NETWORK SERVICES REVENUES

5100. Long Distance Message Revenue

This account shall be used for revenue derived from message services that terminate beyond the basic local service area of the originating wire center and are individually priced. This includes those message services which utilize the public long distance switching network and the basic subscriber access line. (See also account 5111, Long Distance Inward-Only Revenue, and account 5112, Long Distance-Outward Only Revenue.) It also includes those long distance calls placed from mobile and public telephones, as well as any charges for operator assistance or special billing directly related to the completion of a specific call. This account shall also include revenue derived from message services offered under calling plans (discounted long distance) which do not utilize dedicated access lines, as well as those priced at the basic long distance rates where a discounted toll charge is on a per message basis. Any revenue derived from monthly or one-time charges for obtaining calling plan services shall be included in this account. Subsidiary record categories shall be maintained so that revenues from optional calling rate plans may be reported separately.

5110. Unidirectional Long Distance Revenue

This account number shall be used 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 telephone 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.)

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.

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 local 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.

5120. Long Distance Private Network Revenue

A. This account number shall be used 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.

5121. Subvoice Grade Long Distance Private Network Revenue

This account 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.

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 (1) a serving office, (2) a carrier distribution point or (3) 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).

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.

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 (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 both the picture and sound portions of transmission for television program service when provided under a combined rate schedule. 5125. Digital Transmission Long Distance Private Network Revenue

This account consists of revenue from the provision of circuits and facilities for the transmission of digital signals only.

5126. Long Distance Private Network Switching Revenue

This account consists of revenue derived from the provision of common user channels and switching capabilities used for the transmission of telecommunication signals between three 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.

5128. Other Long Distance Private Network Revenue

This account consists of revenue from administrative and operation support services associated with private network services and facilities, (e.g., charges for company-directed testing, expedited installation, and service restoration priority). Also included is other private network services revenue not provided for in other accounts.

5129. Other Long Distance Private Network Revenue Settlements

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed long distance private network services only when they are not identifiable by private network services revenue account in the settlement process. (See also section 665.5 of this Title.) To the extent that the charges and credits resulting from a settlement process can be identified by private network services revenue account, they shall be recorded in the applicable account.

5160. Other Long Distance Revenue

This account shall include long distance revenues not provided for elsewhere. 5169 Other Long Distance Revenue Settlements

This account shall include the charges and credits resulting from contractual revenue pooling and/or sharing agreements for tariffed long distance public network services only when they are not identifiable by long distance public network services revenue accounts in the settlement process. (See also section 665.5 of this Title.) To the extent that the charges and credits resulting from a settlement process can be identified by long distance public network services revenue account they shall be recorded in the applicable account.

MISCELLANEOUS REVENUES

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:

- (1) all revenue derived from the classified section of the directories;
- (2) 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;
- (3) amounts charged for additional and boldface listings, marginal displays, inserts, and other advertisements in the alphabetical section of the company's telephone directories; and
- (4) charges for unlisted and nonpublished telephone numbers. A subsidiary record category shall be maintained so that these charges may be reported separately.

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 nontelecommunications use the rental and expenses are included in account 7360, Other Nonoperating Income.

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, 5270.1 and 5270.2.)

5260. Miscellaneous Revenue

This account number shall be used to summarize for reporting purposes the contents of accounts 5261 through 5269.

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.

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 not provided for elsewhere. (See also sections 665 and 661.4(e) of this Title.)

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.)

5264. Other Incidental Regulated Revenue

A. This account shall include the other incidental regulated revenue not provided for in other revenue accounts. Such revenues to be included are:

(1) collection overages (collection shortages shall be charged to account 6623.2, Customer Services-Billing and Collections;

(2) unclaimed refunds for telecommunications services when not subject to escheats;

(3) charges (penalties) imposed by the company for customer checks returned for nonpayment;

(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 including bid revenues associated with mass announcement services.

B. Any definitely known amounts of losses of revenue collections due to fire or theft, (a) at customers' coin-box stations, (b) at public or semipublic telephone stations, (c) in the possession of collectors en route to collection offices, (d) on hand at collection offices, and (e) between collection offices and banks shall be charged to subaccount 6728.5, Other General and Administrative, Miscellaneous.

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 section 665.5 of this Title.) To 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.

5270.1. Interstate Billing and Collection Revenue

This account shall include revenues for federally tariffed charges or charges under contractual arrangements by local exchange carriers to interexchange carriers for billing and/or collecting interstate and international revenues. The charges shall include the custom billing process, account collections, billing information services, account establishment and maintenance and account investigation.

5270.2. Intrastate Billing and Collection Revenue

This account shall include revenues for State tariffed charges or charges under contractual arrangements by local exchange carriers to interexchange carriers for billing and/or collecting intrastate and international revenues. The charges shall include the custom billing process, account collections, billing information services, account establishment and maintenance and account investigation.

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 which are not provided for elsewhere in this system of accounts.

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 section 661.14(c).

C. Separate subsidiary record categories shall be maintained for each nonregulated revenue item recorded in this account.

UNCOLLECTIBLE REVENUES

5300. Uncollectible Revenue

This account shall be used to summarize for reporting purposes the contents of accounts 5301 and 5302.

5301. Uncollectible Revenue--Telecommunications

A. This account shall be charged with amounts concurrently credited to account 1180, Telecommunications Accounts Receivable or account 1181, Accounts Receivable Allowance--Telecommunications when such allowance is maintained.

B. The following subaccounts shall be maintained:

5301.1. Interstate Uncollectible Revenues

5301.2. Intrastate Uncollectible Revenues

C. Subsidiary records shall be maintained for subaccount 5301.2 in order to segregate uncollectible revenue amounts related to nonregulated activities and transactions with affiliates.

5302. Uncollectible Revenue--Other

A. This account shall be charged with amounts concurrently credited to account 1190.1, Accounts Receivable From Affiliated Companies or 1190.2, Other Accounts Receivable or account 1191, Accounts Receivable Allowance Other and Affiliated, when such allowance is maintained.

B. Subsidiary record categories shall be maintained in order to segregate the amounts herein that relate to affiliates and nonaffiliates.

EXPENSE ACCOUNTS

Plant Specific Operations Expense

- 6110. Network Support Expenses
- 6112. Motor Vehicle Expense
- 6113. Aircraft Expense
- 6114. Special Purpose Vehicles Expense
- 6115. Garage Work Equipment Expense
- 6116. Other Work Equipment Expense
- 6120. General Support Expenses
- 6121. Land and Building Expense
- 6122. Furniture and Artworks Expense
- 6123. Office Equipment Expense
- 6124. General Purpose Computers Expense
- 6210. Central Office Switching Expenses
- 6211. Analog Electronic Expense
- 6212. Digital Electronic Expense
- 6215. Electro-Mechanical Expense
- 6220. Operator Systems Expense
- 6230. Central Office Transmission Expenses
- 6231. Radio Systems Expense
- 6232. Circuit Equipment Expense
- 6310. Information Origination/Termination Expenses
- 6311. Station Apparatus Expense
- 6321. Customer Premises Wiring Expense
- 6341. Large Private Branch Exchange Expense
- 6351. Public Telephone Terminal Equipment Expense
- 6362. Other Terminal Equipment Expense
- 6410. Cable and Wire Facilities Expenses
- 6411. Poles Expense
- 6421. Aerial Cable Expense
- 6422. Underground Cable Expense
- 6423. Buried Cable Expense
- 6424. Submarine Cable Expense
- 6425. Deep Sea Cable Expense
- 6426. Intra-building Network Cable Expense

6431. Aerial Wire Expense

6441. Conduit Systems Expense

Plant Nonspecific Operations Expense

6510. Other Property, Plant and Equipment Expenses

6511. Property Held for Future Telecommunications Use Expense

6512. Provisioning Expense

6530. Network Operations Expenses

6531. Power Expense

6532. Network Administration Expense

6533. Testing Expense

6534. Plant Operations Administration Expense

6535. Engineering Expense

6540. Access Expense

6560. Depreciation and Amortization Expenses

6561. Depreciation Expense--Telecommunications Plant in Service

6562. Depreciation Expense--Property Held for Future Telecommunications Use

6563. Amortization Expense--Tangible

6564. Amortization Expense--Intangible

6565. Amortization Expense--Other

Customer Operations Expense

6610. Marketing

6611. Product Management

6612. Sales

6613. Product Advertising

6620. Services

6621. Call Completion Services

6622.1. Number Services--Directory Assistance

6622.2. Number Services--Directory Publishing

6623.1. Customer Services--Service Order Processing and Instruction

6623.2. Customer Services--Billing and Collections

6623.3. Customer Services--Public Telephone Expenses

Corporate Operations Expense

6710. Executive and Planning

6711. Executive

6712. Planning

6720. General and Administrative

- 6721. Accounting and Finance
- 6722. External Relations
- 6723. Human Resources
- 6724. Information Management
- 6725. Legal
- 6726. Procurement
- 6727. Research and Development
- 6728. Other General and Administrative
- 6790. Provision for Uncollectible Notes Receivable

PLANT SPECIFIC OPERATIONS EXPENSE

6110. Network Support Expenses

A. This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6112 through 6116.

B. For accounts 6112 through 6116.

(1) Depreciation expense associated with the corresponding plant accounts shall be charged to account 6561, Depreciation Expense--Telecommunications Plant in Service.

(2) Insurance premiums paid specifically for protection against loss or damage in connection with construction or removal of telephone plant shall be charged to the appropriate construction account; insurance costs for general and administrative activities shall be charged to account 6728, Other General and Administrative.

6112. Motor Vehicle Expense

A. This account shall include costs of fuel, lubrication, 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.

B. Credits shall be made to this account for amounts transferred to Construction, to accumulated depreciation accounts for cost of removal, and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also paragraph 666.6 (a) (5) of this Title.)

6113. Aircraft Expense

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.

B. Credits shall be made to this account for amounts transferred to Construction, to accumulated depreciation accounts for cost of removal, and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also paragraph 666.6 (a) (5) of this Title.)

6114. Special Purpose Vehicles Expense

A. This account shall include such costs as fuel, licenses and inspection fees, washing, repainting, and minor accessories. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

B. Credits shall be made to this account for amounts transferred to Construction, to accumulated depreciation accounts for cost of removal, and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also paragraph 666.6 (a) (5) of this Title.)

6115. Garage Work Equipment Expense

This account shall be charged only with costs incurred in connection with the garage work equipment itself. The costs of using this equipment to maintain motor vehicles, special purpose vehicles, or other work equipment shall be charged to

accounts 6112, Motor Vehicle Expense, 6114, Special Purpose Vehicles Expense, or 6116, Other Work Equipment Expense, as appropriate.

6116. Other Work Equipment Expense

A. This account shall be charged only with costs incurred in connection with this work equipment itself. The costs of operators of this equipment shall be charged to accounts appropriate for the activities performed.

B. Credits shall be made to this account for amounts transferred to Construction, to accumulated depreciation accounts for cost of removal, and/or to other Plant Specific Operations Expense accounts. These amounts shall be computed on the basis of direct labor hours. (See also paragraph 666.6 (a) (5) of this Title.)

6120. General Support Expenses

This account number shall be used to summarize for reporting purposes the contents of accounts 6121 through 6124.

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.

6122. Furniture and Artworks Expense

A. This account shall include expenses associated with furniture and artworks.

B. Expenses of furniture having a specific function or design, so that the original cost is recorded in the Central Office Asset accounts or other Telephone Plant in Service accounts, shall be recorded in the corresponding Plant Specific Operations Expense accounts.

6123. Office Equipment Expense

A. 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.

B. Include in this account expenses associated with company internal use communications equipment.

6124. General Purpose Computers Expense

This account shall include 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, developing, testing, implementing, and maintaining data bases and application systems for general purpose computers. (See also account 6724, Information Management.) Separately metered electricity for general purpose computers shall also be included in this account.

6210. Central Office Switching Expenses

This account number shall be used to summarize for reporting purposes the contents of accounts 6211 through 6215.

6211. Analog Electronic Expense

This account shall include expenses associated with analog electronic switching.

6212. Digital Electronic Expense

This account shall include expenses associated with digital electronic switching.

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 account 2215.

6220. Operator Systems Expense

A. This account shall include expenses associated with account 2220, Operator Systems.

B. This account shall include the costs of: routine inspection and maintenance of operator systems equipment; maintenance of operator systems equipment in the course of clearing trouble; and other maintenance of such equipment.

Note: The cost of operators of this equipment shall be charged to the accounts appropriate for the activities performed (see accounts 6621, Call Completion Services; 6622.1, Number Services-Directory Assistance; and 6623.1, Customer Services-Service Order Processing and Instruction; and 6623.2, Customer Services-Billing and Collections.

C. This account shall include the cost of rearrangements and changes of operator systems equipment.

D. This account shall include the cost, including service remuneration charges, of shop repairs and conversions of operator systems central office equipment for reuse; also includes salvage adjustments for credits for material, the salvage value of which cannot be practicably allocated.

6230. Central Office Transmission Expenses

This account number shall be used to summarize for reporting purposes the contents of accounts 6231.1 through 6232.

6231. Radio Systems Expense

A. This account shall include expenses associated with account 2231.

B. The following subaccounts shall be maintained:

6231.1. Satellite and Earth Station Facilities

6231.2. Other Radio Facilities

6232. Circuit Equipment Expense

A. This account shall include expenses associated with account 2232.

B. Subsidiary records shall be kept in order that the company may report separately the amounts contained herein that relate to digital and analog.

6310. Information Origination/Termination Expenses

This account number shall be used to summarize for reporting purposes the contents of accounts 6311 through 6362.

6311. Station Apparatus Expense

A. 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.

B. This account shall include maintenance, installation and removal costs of station apparatus offered under state regulated tariff.

C. Subsidiary records shall be kept to distinguish costs by equipment categories as specified in account 2311.

6321. Customer Premises Wiring Expense

This account shall include the cost of repairing, disconnecting, and reconnecting customer premises wiring included in account 2321.

6341. Large Private Branch Exchange Expense

A. This account shall include maintenance expenses associated with large private branch exchanges, until such time as the associated asset is transferred out of the regulated accounts.

B. Expenses associated with company internal use of communication equipment shall be recorded in account 6123, Office Equipment Expense.

6351. Public Telephone Terminal Equipment Expense

A. This account shall include expenses associated with public telephone terminal equipment.

B. The original costs of installing public telephone terminal equipment as well as the installation costs of replacing a public telephone are chargeable to this account. (See account 2351, Public Telephone Terminal Equipment)

6362. Other Terminal Equipment Expense

This account shall include expenses associated with other terminal equipment.

6410. Cable and Wire Facilities Expenses

This account shall be used to summarize for reporting purposes the contents of accounts 6411 through 6441.

6411. Poles Expense

This account shall include expenses associated with poles.

6421. Aerial Cable Expense

A. This account shall include expenses associated with aerial cable.

B. Subsidiary record categories shall be maintained as provided in account 2421.

6422. Underground Cable Expense

A. This account shall include expenses associated with underground cable.

B. Subsidiary record categories shall be maintained as provided in account 2422.

C. The costs incurred to reconnect, repair, rearrange or replace drop and block wire, including the associated protector, served by either buried cable or underground cable shall be included in account 6423, Buried Cable Expense.

6423. Buried Cable Expense

A. This account shall include expenses associated with buried cable.

B. Subsidiary record categories shall be maintained as provided in account 2423.

C. This account shall also include the costs incurred to reconnect, repair, rearrange, or replace drop and block wires, including the associate protector, served either by buried cable or underground cable.

6424. Submarine Cable Expense

A. This account shall include expenses associated with submarine cable.

B. Subsidiary record categories shall be maintained as provided in account 2424.

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 account 2425.

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 account 2426.

6431. Aerial Wire Expense A. This account shall include expenses associated with aerial wire.

B. Disconnection, reconnection, repair, rearrangement, or replacement of drop and block wires served by aerial wire, and the plant assignment of those wires, shall be charged to account 6421, Aerial Cable Expense.

6441. Conduit Systems Expense

This account shall include expenses associated with conduit systems.

PLANT NONSPECIFIC OPERATIONS EXPENSE

6510. Other Property, Plant and Equipment Expenses

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6511 and 6512.

6511. Property Held for Future Telecommunications Use Expense

This account shall include expenses associated with property held for future telecommunications use in account 2002. This account shall not include depreciation or taxes associated with property held for future use. (Note accounts 6562 and 7240.)

6512. Provisioning Expense

A. This account shall include costs incurred in provisioning material and supplies, including office supplies. This includes receiving and stocking, filling reacquisitions 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, plant specific operations expense and/or accumulated depreciation accounts. These costs are to be cleared by adding to the cost of material and supplies a suitable loading charge. (See also section 666.6 (a) (5) of this Title.)

6530. Network Operations Expenses

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6531 through 6535.

6531. Power Expense

This account shall include the cost of electrical power used to operate the telecommunications network.

Note: The cost of power produced for house service purposes shall be charged to account 6121, Land and Building Expense.

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.

6533. Testing Expense

A. 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 section 666.2(c) of this Title.)

B. Subsidiary record categories shall be maintained to distinguish between amounts for the handling of trouble reports and amounts for other maintenance expenses.

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 section 666.2 (c) of this Title); 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. (Note also section 663.3(b) (13) of this Title.)

B. Credits shall be made to this account for amounts transferred to construction and/or accumulated depreciation accounts. These amounts shall be computed on the basis of direct labor hours. (See section 663.3 (b) (2) of this Title.)

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 and/ or accumulated depreciation accounts. These amounts shall be computed on the basis of direct labor hours. (See section 663.3(b) (2) of this Title.)

6540. Access Expense

A. This account shall include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for the provisions of exchange access services and shall be maintained by the following subaccounts:

6540.1. Interstate Carrier's Carrier Expense

6540.2. Intrastate Carrier's Carrier Expense

B. 6540.1. Interstate Carrier's Carrier Expense

This subaccount shall include the federally tariffed access expenses incurred by the interexchange carriers for access to the local exchange carriers' facilities.

C. 6540.2. Intrastate Carrier's Carrier Expense

This subaccount shall include the state tariffed access expenses incurred by the interexchange carriers for access to the local exchange carriers' facilities.

Note: Carriers are required to maintain supporting documentation in such a manner as to be able to readily identify each tariffed element of interstate and intrastate carrier's carrier expense.

6560. Depreciation and Amortization Expenses

This account shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6561 through 6565.

6561. Depreciation Expense--Telecommunications Plant in Service

A. This account shall include the depreciation expense of capitalized costs in accounts 2112 through 2441, inclusive. The depreciation charges shall be made in accordance with sections 664.1, 664.2, 664.3 and 664.6 of this Title. This account shall also include the amount of amortization of customer premises wiring. (See also paragraph B of account 2321 for amortization program; note accounts 3300 and 7360 for depreciation of nonoperating plant in account 2006.)

B. Subsidiary record categories shall be maintained to distinguish between the amounts for depreciation expense and the unprovided-for-loss in service value related to extraordinary retirements. (See also account 1438, Deferred Maintenance and Retirements.)

6562. Depreciation Expense--Property Held for Future Telecommunications Use

This account shall include the depreciation expense of capitalized costs included in account 2002, Property Held for Future Telecommunications Use. The depreciation charges shall be made in accordance with sections 664.1, 664.2, 664.3 and 664.6 of this Title.

6563. Amortization Expense--Tangible

A. This account shall include only the amortization of costs included in accounts 2681, Capital Leases, and 2682, Leasehold Improvements. The amortization charges shall be made in accordance with sections 664.5 and 664.6 of this Title. (See also paragraph c of account 2690.)

B. Subsidiary records shall be maintained to distinguish between the costs of leasehold improvements and capital leases; with a further segregation of capital leases by each lease agreement.

6564. Amortization Expense--Intangible

This account shall include the amortization of costs included in account 2690, intangibles. The amortization charges shall be made in accordance with sections 664.5 and 664.6 of this Title. (See also paragraph c of account 2690.)

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 paragraph (B)(2)(c) of account 2005.

C. Subsidiary records shall be maintained so as to show the character of the amounts contained in this account in order to include separate identification of each amortization and amount.

CUSTOMER OPERATIONS EXPENSE

6610. Marketing

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6611 through 6613.

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.

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.

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.

Note A: Nonproduct-related corporate advertising shall be charged to account 6722, External Relations.

Note B: Advertising designed to instruct customers in the use of products and services shall be charged to account 6623.1, Customer Services--Service Order Processing and Instruction.

6620. Services

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6621 through 6623.3.

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.

6622.1. Number Services--Directory Assistance

This account shall include those costs associated with responding to inquiries for customer number and classified listings, handling nonpublished number requests, and processing service orders for preparation of directory assistance operator reference source material. Costs incurred to maintain customer and classified listings shall be charged to account 6622.2, Number Services--Directory Publishing.

6622.2. Number Services--Directory Publishing

This account shall include costs incurred in preparing, printing, binding and distributing white and yellow page directories as well as the cost of securing advertisements for directories. It shall also include the cost of directories purchased from other companies.

Note: This account shall be credited with amounts received as salvage on old directories. 6623.1. Customer Services--Service Order Processing and Instruction

This account shall include costs incurred in preparing, changing, and handling contract or service orders, establishing customer accounts, and handling miscellaneous commercial relations with customers. It shall also include costs incurred in instructing customers in the use of products and services. This includes both verbal instruction and the cost of informational advertising and/or production of written materials whose objective is to instruct customers in the most efficient and safe use of products and services.

6623.2. Customer Services--Billing and Collections A. This account shall be maintained by the following subaccounts:

6623.20. Billing and Collections--Customer

6623.21. Billing and Collections--Interstate Carriers

6623.22. Billing and Collections--Intrastate Carriers

B. This account shall include costs incurred in maintaining and billing customer accounts including investigating customer accounts, collecting revenues, reporting receipts, administering collection treatment, and handling contacts with customers regarding adjustments of bills. This account also includes costs associated with receiving and editing of service orders and basic service and equipment billing data and maintaining, correcting and verifying record data. This account shall also include collection shortages. (See account 5264, Other Incidental Regulated Revenue.)

C. This account shall also include amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for billing and collection services.

Note: Preparation of input data associated with automated customer record files and key entry of such data shall be charged to this account. The costs incurred in planning, developing, testing, implementing, and maintaining data bases and the application systems for billing customer accounts are to be recorded in account 6724, Information Management.

6623.3. Customer Services--Public Telephone Expenses

This account shall include costs incurred in collecting and reporting pay station receipts. This account shall also include amounts paid to owners or tenants of premises where public and semipublic telephone stations are located, as general compensation for occupancy privileges. (Note section 665.5 and subaccount 6728.5, Other General and Administrative--Miscellaneous.)

CORPORATE OPERATIONS EXPENSE

6710. Executive and Planning

This account shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6711 through 6712.

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.

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.

6720. General and Administrative

This account shall be used by telephone companies to summarize for reporting purposes the contents of accounts 6721 through 6728.

6721. Accounting and Finance

This account shall include costs incurred in 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), noncustomer 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.

6722. External Relations

A. This account shall include costs incurred in maintaining relations with government, regulators, other companies and the general public. This includes:

- (1) reviewing existing or pending legislation (See also account 7370, Special Charges, for lobbying expenses);
- (2) preparing and presenting information for regulatory purposes, including tariff and service cost filings, and obtaining construction permits;
- (3) performing public relations and nonproduct-related corporate image advertising activities;
- (4) administering relations, including negotiating contracts with telecommunications companies and other utilities, businesses and industries. (See also account 6725, Legal.) This excludes sales contracts (see also account 6612, Sales); and
- (5) administering investor relations.

B. Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to public relations and corporate image advertising.

6723. Human Resources

A. This account shall include costs incurred in 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.

B. The company shall maintain subsidiary record categories in order that the amounts contained herein relating to benefit administration, labor relations and training activities may be separately reported.

6724. Information Management

This account shall include costs incurred in planning, developing, testing, implementing and maintaining data bases and application systems for general purpose computers.

Note: Input preparation and output use are chargeable to the benefited activity and not to account 6724. (See also account 6124, General Purpose Computers Expense and account 8310, Software Expense.)

6725. Legal

This account shall include costs incurred 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.

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.

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.

6728. Other General and Administrative

A. This account shall include costs incurred in performing general administrative activities not directly charged to the user, and not provided for in other accounts. It excludes the cost of office services, which are to be included in the accounts appropriate for the activities supported. This account shall be maintained according to the following subaccounts:

6728.1. Accidents and Damages

6728.2. Insurance

6728.3. Benefit Payments

6728.4. Support Services

6728.5. Miscellaneous

B. 6728.1. Accidents and Damages

This subaccount includes payments in settlement of accident and damage claims, not provided for elsewhere, arising from injury or death of individuals or damage to property, in connection with the company's telecommunications operations. (See section 666.6(4) of this Title.)

C. 6728.2. Insurance

This subaccount shall include insurance premiums and other costs associated with securing protection against losses and damages arising from the company's telecommunications operations which are not chargeable elsewhere. (See section 666.6 (4) of this Title.)

D. 6728.3. Benefit Payments

This subaccount shall include 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, and death benefit payments.

E. 6728.4. Support Services

This subaccount shall include costs incurred in providing general reference libraries, food services (e.g., cafeterias, lunch rooms and vending facilities), archive, general security investigation services, internal company communications systems and mail and distribution services.

F. 6728.5. Miscellaneous

(1) This subaccount shall include definitely known amounts of losses of revenue collections due to fire and theft, (a) at customers coin-box stations, (b) at public or semipublic telephone stations, (c) in the possession of collectors en route to

collection offices, (d) on hand at collection offices, and (e) between collection offices and banks. (See account 5264, Other incidental Regulated Revenue.)

(2) This subaccount shall include the cost of all services, plant, material and supplies and similar items furnished to municipalities or other governmental authorities in compliance with franchises, ordinances or similar requirements for which no reimbursement is received. This subaccount shall also include amounts paid for franchises whose term is one year or less. (See account 2690, intangibles; account 6564, Amortization Expense intangible.)

(3) This subaccount shall include charges for amortization of deferred equal access costs.

(4) This subaccount shall include all operating expenses not chargeable elsewhere.

6790. Provision for Uncollectible Notes Receivable

A. This account shall be charged with amounts concurrently credited to account 1200.1, Notes Receivable and Affiliated Companies, 1200.2, Other Notes Receivable, or to account 1201, Notes Receivable Allowance--Other and Affiliated, when such allowance is maintained.

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.

OTHER INCOME ACCOUNTS

Other Operating Income and Expense

- 7100. Other Operating Income and Expenses
- 7110. Income from Custom Work
- 7130. Return from Nonregulated Use of Regulated Facilities
- 7140. Gains and Losses from Foreign Exchange
- 7150. Gains or Losses from Disposition of Land and Artworks
- 7160. Other Operating Gains and Losses

Operating Taxes

- 7200. Operating Taxes
- 7210. Operating Investment Tax Credits--Net
- 7220. Operating Federal Income Taxes
- 7230. Operating State and Local Insurance Taxes
- 7240. Operating Other Taxes
- 7250. Provision for Deferred Operating Income Taxes--Net

Nonoperating Income and Expense

- 7300. Nonoperating Income and Expense
- 7310. Dividend Income
- 7320. Interest Income
- 7330. Income from Sinking and Other Funds
- 7340. Allowance for Funds Used During Construction
- 7350. Gains or Losses from the Disposition of Certain Property
- 7355. Equity in Earnings of Affiliated Companies
- 7360. Other Nonoperating Income
- 7370. Special Charges

Nonoperating Taxes

- 7400. Nonoperating Taxes
- 7410. Nonoperating Investment Tax Credits--Net
- 7420. Nonoperating Federal Income Taxes
- 7430. Nonoperating State and Local Income Taxes
- 7440. Nonoperating Other Taxes
- 7450. Provision for Deferred Nonoperating Income Taxes--Net

Interest and Related Items

- 7500. Interest and Related Items
- 7510.1. Interest on Funded Debt
- 7510.2. Amortization of Discount on Long-Term Debt
- 7510.3. Amortization of Premium on Long-Term Debt--Credit
- 7520. Interest Expense--Capital Leases
- 7530. Amortization of Debt Issuance Expense
- 7540.1. Other Interest Deductions--Affiliated Companies
- 7540.2. Other Interest Deductions

Extraordinary Items

- 7600. Extraordinary Items
- 7610. Extraordinary Income Credits
- 7620. Extraordinary Income Charges
- 7630. Current Income Tax Effect of Extraordinary Items--Net
- 7640. Provision for Deferred Income Tax Effect of Extraordinary Items—Net

Jurisdictional Differences and Nonregulated Income Items

- 7910. Income Effect of Jurisdictional Ratemaking Differences--Net
- 7990. Nonregulated Net Income
- 7991. Other Nonregulated Revenues

OTHER OPERATING INCOME AND EXPENSE ACCOUNTS

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 circumstance shall be matched and the result shown as a net gain or loss.

- 7100. Other Operating Income and Expenses

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 7110 through 7160.

- 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 non-tariffed 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.

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.

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 transactions date. Unrealized gains or losses shall be measured based on the exchange rate in effect at the balance sheet date.

7150. Gains or Losses from the Disposition of Land and Artworks

This account shall include gains or losses resulting from the disposition of land or artworks. (Note also section 663.5(d) (2) of this Title.)

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.

OPERATING TAX ACCOUNTS

Content of Accounts: The Operating Tax accounts shall include the taxes arising from the central operations of the company.

7200. Operating Taxes

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 7210 through 7250.

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.

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.

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.

Betakes 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.

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. (Note section 663.3 (b) (8).)

B. Taxes on telephone plant leased to others shall be included in this account by the owner. (Note also paragraph H of this account.)

C. 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.

D. Discounts allowed for prompt payment of taxes shall be credited to the account to which the taxes are chargeable.

E. Interest on tax assessments which are not paid when due shall be included in account 7540.1, Other Interest Deductions-Affiliated Companies or account 7540.2, Other Interest Deductions.

F. Taxes paid by the company under tax-free covenants on indebtedness shall be charged to account 7360, Other Nonoperating Income.

G. 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.

H. 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.

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 operating income tax expense that has been deferred in accordance with section 661.13.

1360 Current Deferred Income Taxes--Dr

1510 Noncurrent Deferred Income Taxes--Dr

4100 Current Deferred Operating Income Taxes--Cr

4340 Noncurrent Deferred Operating Income Taxes--Crab. This account shall be maintained by the following sub-accounts:

7250.1. Provision for Deferred Operating Income Taxes--Dr

This account shall include debit amounts of any current deferrals of taxes on income applicable to utility operating income.

7250.2. Provision for Deferred Operating Income Taxes--Cr

This account shall include the credit amounts of any current deferrals of taxes on income applicable to utility operating income.

7250.3. Income Credits and Charges Resulting from Prior Deferrals of Income Taxes

This account shall include the credits and charges, as appropriate, for amounts of taxes from differentials applicable to the current period resulting from deferral of income taxes in prior years as authorized by this commission.

C. Subsidiary record categories shall be maintained to distinguish between property- and nonproperty-related deferrals so that the company may separately report the amounts contained herein that relate to Federal, State and local income taxes.

NONOPERATING INCOME AND EXPENSE ACCOUNTS

Content of Accounts: The nonoperating income and expense accounts are intended to record the results of transactions, events and circumstances affecting the company during a period, and which are not operational in nature. They shall include such items as nonoperating taxes, dividend income and interest income. Whenever practicable the inflows and outflows associated with a transaction or event shall be matched and the result shown as a net gain or loss.

7300. Nonoperating Income and Expense

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 7310 through 7370.

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 account), 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 1401.1, Investments in Affiliated Companies, as a reduction of the carrying value of the investments.

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 Note B to this account) 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.

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.

7340. Allowance for Funds Used During Construction

This account shall be credited with such amounts as are charged to the telecommunications plant accounts for the purpose of recording an allowance for funds used for construction purposes. (Note also section 663.3, subdivision (b) (10) of this Title.)

7350. Gains or Losses from the Disposition of Certain Property

This account shall include gains or losses resulting from the disposition of the following (note also section 663.5(d) (2), (e) of this Title).

- (1) gains or losses from the disposition of land or artworks;
- (2) gains or loss from the disposition of plant with traffic; and
- (3) gains or losses from the disposition of nonoperating telecommunications plant not previously used in the provision of telecommunications services.

7355. Equity in Earnings of Affiliated Companies

This account shall include the company's equity in the earnings or losses of affiliated companies accounted for under the equity method.

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; and
- (9) 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.

7370. Special Charges

This account shall include the following 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 cost of service in setting rates. Subsidiary record categories shall be maintained for each of the items enumerated below.

(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 or advancing the political objective of the utility. 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. statutes, including judgments arising from a violation of antitrust laws, and payments in settlement of civil and criminal suits alleging such violations.

(5) Abandoned construction projects.

NONOPERATING TAX ACCOUNTS

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.

7400. Nonoperating Taxes

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 7410 through 7450.

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.

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.

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 methods 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.

7430. Nonoperating 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 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.

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, capital stock taxes and taxes related to property, plant and equipment in account 2006, Nonoperating Plant. (See also section 663.3(b) (8) of this Title.) This account shall also reflect subsequent adjustments to amounts previously charged.

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 expense that has been deferred in accordance with section 661.13 of this Title.

1360. Current Deferred Income Taxes--Dr

1510. Noncurrent Deferred Income Taxes--Dr

4110. Current Deferred Nonoperating Income Taxes--Cr

4350. Noncurrent Deferred Nonoperating Income Taxes--Cr

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.

INTEREST AND RELATED ITEMS

Content of Accounts: Interest and related amounts shall be included in accounts 7510.1 through 7540.2.

7500. Interest and Related Items

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 7510.1 through 7540.2.

7510.1. 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. (Note also section 663.3 (b) (10) of this Title.)

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.

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.

7510.2. Amortization of Discount on Long-Term Debt

This account shall include monthly amortization of balances in account 4230, Discount on Long-Term Debt.

7510.3. Amortization of Premium on Long-Term Debt--Credit

This account shall include monthly amortization of balances in account 4220, Premium on Long-Term Debt.

7520. Interest Expense--Capital Leases

This account shall include the interest portion of each capital lease payment.

7530. Amortization of Debt Issuance Expense

This account shall include the monthly amortization of the balances in account 1407, Unamortized Debt Issuance Expense.

7540.1. Other Interest Deductions--Affiliated Companies

This account shall include interest on advances from affiliated companies.

7540.2. Other Interest Deductions

A. This account shall include all interest deductions not provided for elsewhere. (Note also section 663.3 (b) (10) of this Title.)

B. A list of representative items of indebtedness, the interest on which is chargeable to this account, follows:

- (1) advances from nonaffiliated companies and other liabilities;
- (2) assessments for public improvements past due;
- (3) bond coupons, matured and unpaid;
- (4) claims and judgments;
- (5) customers' deposits;
- (6) funded debt mature, with respect to which a definite agreement as to extension has not been made;
- (7) notes payable on demand or maturing one year or less from date of issue;
- (8) open accounts;
- (9) tax assessments, past due; and
- (10) 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 7510.1, Interest on Funded Debt, if any portion of the obligation matures more than one year from date of issue.

EXTRAORDINARY ITEMS

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.

7600. Extraordinary Items

This account number shall be used by telephone companies to summarize for reporting purposes the contents of accounts 7610 through 7640.

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 of Extraordinary Items--Net, and account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items--Net.

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 of Extraordinary Items--Net, and account 7640, Provision for Deferred Income Tax Effect of Extraordinary Items--Net.

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. The records supporting the entries in this account shall be maintained with sufficient particularity to identify each amount included herein with the extraordinary item to which it is attributable.

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 1510, Noncurrent Deferred Income Taxes--Dr, account 1360, Current Deferred Income Taxes--Dr, account 4350, Noncurrent Deferred Nonoperating Income Taxes--Cr, or account 4110, Current Deferred Nonoperating Income Taxes--Cr, 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 section 661.13. The records supporting the entries in

this account shall be maintained with sufficient particularity to identify each amount included herein with the extraordinary item to which it is attributable.

JURISDICTIONAL DIFFERENCES AND NONREGULATED INCOME ACCOUNTS

Content of Accounts: Jurisdictional differences and nonregulated income amounts shall be included in accounts 7910 and 7990.

7910. Income Effect of Jurisdictional Ratemaking Differences--Net

This account shall include the impact on revenues and expenses of the jurisdictional ratemaking practices which vary from those of this commission. All entries recorded in this account shall be recorded net of the applicable income tax effects and shall be supported by appropriate subsidiary records, where necessary, as provided for in section 661.3(e) of this Title.

7990. Nonregulated Net Income

A. This account shall be used by those companies who offer nonregulated activities that do not involve the joint or common use of assets or resources used in the provision of both regulated and nonregulated products and services, and which have not established a separate subsidiary for that purpose.

B. All revenue and expenses (including taxes) incurred in these nonregulated activities shall be recorded on separate books of account for such operations. Only the net of the total revenues and total expenses shall be recorded in this account, with a contra debit or credit to subaccount 1406.3.

CLEARING ACCOUNTS

8310. Software expense

A. The original cost of initial operating systems software, including right to use fees, (either general purpose computers software, specific purpose computers software or central office equipment software) shall first be charged to this account and then cleared to either account 2124, General Purpose Computers, or the appropriate switching, network signaling, network operations or other specific telecommunications plant account.

B. The original cost of all other software (i.e., that which is not considered initial operating system software) shall first be recorded in this account. The disposition of this software shall be determined by management and shall be in conformance with generally accepted accounting principles at the time such determination is made.

C. Additions or modifications to general purpose computers software, previously capitalized in accordance with section 664.7, shall first be charged to this account then cleared to account 6124, General Purpose Computers Expense, or account 6724, Information Management.

D. Additions or modifications to central office equipment software previously capitalized shall first be charged to this account and then cleared to the related plant specific operating expense account.

E. Additions or modifications to specific purpose computers software previously capitalized shall first be charged to this account, then cleared to the corresponding operating expense account. (For example, the cost of a modification to the software of a computer used for the monitoring and regulation of a building's temperature will be recorded in account 6121, Land and Building Expense.)

F. Subsidiary record categories are to be maintained in accordance with section 661.2(c) and section 661.3(e) of this Title.

RETIREMENT UNITS LIST

GENERAL SUPPORT ASSETS

- 2112. MOTOR VEHICLES
- 2113. AIRCRAFT
- 2114. SPECIAL PURPOSE VEHICLES
- 2115. GARAGE WORK EQUIPMENT

2116. OTHER WORK EQUIPMENT

Each complete item of equipment, the original cost of which was charged to the appropriate plant account, such as: A passenger automobile or truck with or without body; an airplane; a boat or snowmobile; an air compressor, car hoist or gasoline pump; a pole derrick, power winch, earth boring machine or trailer.

2121. BUILDINGS

A complete building

An entire roof with or without supporting members

Note A: A building of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of buildings to which lateral extensions have been made, even though having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.

A complete fire escape

A complete window (i.e., box frame, and sash)

A boiler, furnace, or hot-water heater

An elevator complete with operating mechanism

A gas-burner system

A house-lighting or power board

An oil-burner system

An oil tank

The floor covering for one room

A motor, generator, engine, turbine, pump, compressor, ventilating fan, air washer, elevator drum, or similar items of equipment, with or without associated wiring, control equipment, etc.

A self-supporting structure used to support antennae

Note B: In addition to the above retirement units, material (i. e., portions of buildings, equipment, fixtures, etc.) installed and retired, and the labor and incidental costs involved in connection with work of the following character, shall be handled through the telephone plant and depreciation reserve accounts.

(1) Changes in type of operation of elevator systems, e.g., a change from manual to signal control of cars, from manual to power operation of doors from low speed to high speed, from direct to alternating current, from hydraulic to electric operation, from one type of signaling or dispatching system to another

(2) Relocations of toilet rooms, battery rooms, kitchens, terminal rooms, machine rooms, transformer vaults, etc.

(3) Structural changes such as:

(a) Reinforcements of floors, roofs, bearing walls, footings, and foundations

(b) Additions or relocations of elevator shafts, stairways, fire exits and vaults, but excluding switchboard cable holes and slots

(c) Building alterations required for fire protection and other safety measures

(4) Changes in the type of electric current supply, or of ventilating, air conditioning, or similar systems

(5) Building enlargements

(6) Replacements of the following character

(a) Replacements of plumbing or heating pipes (with or without associated valves) except when necessitated by minor repairs or minor relocations of fixtures

(b) Replacements of all or substantially all of the lighting fixtures (with or without associated wiring and conduit) in one operating or equipment room or, in the case of office space, on one floor of a building

(c) General replacements (throughout a building or throughout an entire portion erected at one time) of items such as supply, return, or air valves in heating systems; hot or cold water valves or faucets; plumbing, heating, or drainage traps.

Note C: In order to facilitate the pricing of future retirements, at the time of construction the company should obtain from the building contractor sufficient detail to allow for the breakdown of the total cost of the project in accordance with the required retirement units identified above.

2122. FURNITURE

2123.1. OFFICE SUPPORT EQUIPMENT

2123.2. COMPANY COMMUNICATIONS EQUIPMENT

2124. GENERAL PURPOSE COMPUTERS

Each complete item of furniture or equipment, the original cost of which was charged to the appropriate plant account, such as:

A desk, chair, table, piano, rug, carpet, or floor covering for one room; a typewriter, portable air conditioning unit or cash register; a distributing frame or switchboard; a CRT display, printer or typewriter control unit

CENTRAL OFFICE ASSETS

2211. Electronic Analog Switching Equipment:

A complete bay and/or functional unit, such as incoming trunk grouping, line links, connectors or marker bay

2212. Digital Electronic Switching Equipment:

A complete bay and/or functional unit, such as line frame, line trunk frame, digital transmission interface frame, time switch frame or central processor frame

2215.1. Step-by-Step Switching Equipment:

A complete equipment frame, such as a line-finder frame, line-switch frame, selector frame, connector frame, or repeater frame

2215.2 Crossbar Switching Equipment:

A complete equipment frame such as line link, district junctor, district link, office link, incoming link, subscriber sender link, subscriber sender, originating marker, terminating sender link, terminating sender, terminating marker, trunk link, register link, or sender link

2220. Operator Systems:

A complete frame or bay, operator position and/or functional unit such as trunk unit and service circuit

2231.1. Satellite and Earth Station Facilities:

A satellite including its launch costs

Antenna systems

Earth station facilities--a complete item of radio equipment such as a transmitter, transceiver or receiver

2231.2. Other Radio Facilities

A complete item of radio equipment such as an amplifier, antenna, control equipment, frequency modulation (FM) terminal, modulation and demodulation equipment, patch bay, receiver, transceiver and transmitter

2232. Circuit Equipment

Pair gain equipment such as channel banks, concentrators and subscriber loop carrier equipment including central office terminals and remote terminals

Multiplexing equipment such as carrier terminals, carrier channel banks, modems and translators, except those used with radio facilities. Other circuit equipment such as amplifiers, line repeaters, line signaling equipment, metallic facility terminals and modems

Following is a list of equipment which may be common to one or more of the aforementioned central office asset categories:

Switchboards, desks, and testboards:

Switchboards (i.e., local, toll, dial system "A", cordless "B" call distributing "B", observing, teletypewriter, etc.)--

A complete section or lower unit

Desks (i.e., operating, observing, testing, etc.)--

A complete section

Testboards, or test and control boards (board type)--

A complete section

Testboards, or test and control bands (rack type)--

All the equipment in one bay

A complete upper unit

A complete lower unit

A complete installation of rack framework for one board

Test panels--

A complete panel

Test cabinets--

A cabinet complete with equipment

Distributing frames:

Main distributing frames (including wall type)

A complete installation for one central office (in multi-unit offices, for one operating unit)

Intermediate distributing frames--

A complete installation for one central office (in multi-unit offices, for one operating unit)

Mezzanine balconies--

A complete installation for one frame

Racks:

Relay rack equipment--

A panel or unit complete with equipment

All the equipment in one bay, exclusive of any panels or units

Coil rack equipment--

All the equipment on one shelf

Message and traffic register rack equipment--

All the equipment in one bay

Iron framework--

A complete line or rack with or without enclosing cabinet or case Cable:

The original cost of the cable may be loaded onto the cost of the associated switching and transmission equipment. Otherwise all of the cables in one run used for the same purpose, such as between--

- (1) Main frame and intermediate frame for subscribers' lines
- (2) Main frame and intermediate frame for outgoing trunk multiple
- (3) Intermediate frame and connector frame or final frame for subscriber' lines
- (4) Intermediate frame and answering jacks
- (5) Intermediate frame and switchboard for outgoing trunk multiple jacks
- (6) Intermediate frame and switchboard for subscribers' multiple jacks

Iron framework--

A complete installation of rack for one cable run

Power Equipment:

Frame or rack mounted equipment--

A panel or shelf complete with equipment, such as fuses, meters, control equipment, etc.

Iron framework--

A complete line of frame or rack for one fuse board, one power switchboard, etc.

A generator, motor, motor generator set, gas engine, rectifier, ringing machine, harmonic converter, pole changer, interrupter, power filter, or choke coil

Storage Batteries--

A complete battery with or without rack, cabinet, or counter, electric motive force cells

All positive or all negative plates in an entire battery (i.e., in all cells of a 24-volt battery, in all cells of a Morse battery, etc.)

All tanks or all jars of an entire battery

A complete battery rack or cabinet, storage or dry

A complete group of bus bars, cable, or wiring (with or without conduit) such as between--

Battery and fuse panel

Power switchboard and machines

Telephone repeater equipment (including testing equipment):

A complete floor mounted rack type set

Relay rack mounted equipment--

A panel or unit complete with equipment

All the equipment in one bay, exclusive of any panels or units

Coil rack mounted equipment--

All the equipment on one shelf

Iron framework--

A complete line of rack

Carrier equipment (telephone, repeater, and testing equipment):

A complete floor mounted rack type set

Relay rack mounted equipment--

A panel or unit complete with equipment

All the equipment in one bay, exclusive of any panels or units

A line filter

A complete test table

Iron framework-- A complete line of rack

Telegraph equipment:

Table-mounted sending or receiving equipment--

A table complete with equipment

A complete optical system

A complete mechanical system

A complete fork box

A complete amplifier-modulator box

Rack-mounted sending or receiving equipment--

A panel complete with equipment

All the equipment in one bay

Iron framework--

A complete line of rack

Power equipment--

A complete power board

A complete storage battery

Photographic equipment--

A copying camera or a copying, enlarging, and reducing camera, each with or without associated stands, illuminators, and copy boards

A print machine

A drying cabinet

A developing, fixing, and washing tank

Miscellaneous equipment:

A calculagraph, a master clock, or a secondary clock

Electrically driven calculagraph and clock systems--

A complete installation

Mechanical or pneumatic tube ticket distributing system--

A complete installation

Each complete tool or portable test set, the original cost of which was charged to the telephone plant account, such as a plug remover and attacher, cam aligning fixture, multiple bank resetting gage, or shaft straightening tool, a relay adjusting set, line finder set, or wagon type set

Loud-speaker equipment--

A complete installation

Aisle-lighting equipment--

A complete installation on one floor

Rolling ladders--

A complete installation for one side of one frame or rack

Message and traffic register cabinets--

A cabinet complete with equipment

Teletypewriter sets--

The disposition units maintained by each company for account 2311 in accordance with the provisions of that account

Key-indicator equipment or key-pulsing equipment:

A complete equipment frame, such as a link or sender frame

Note: When work of the following character is performed as a special job in a central office or at a multiple or dial private branch exchange for the purpose of improving or changing the type of the equipment, the material installed and retired and the labor and incidental costs involved shall be handled through the telephone plant and depreciation reserve accounts.

(1) Conversions of one or more switchboard positions, or dial-system frames, from one type to another, such as from subscribers' to toll, subscribers' to rural, inward toll to combined line and recording, manual B to call indicator B, or from panel B switchboard incoming frame to interoffice incoming frame

(2) Conversions of circuits from one type to another, such as conversions of cord circuits from two-party ringing to four-party selective ringing, semiselective ringing to selecting ringing or, from manual recall to flashing recall, and conversions of panel-sender circuits from noncoin to coin and from two-digit to three-digit

(3) Replacements of items of one type, with items of a different type for such reasons as improving signaling or transmission characteristics, changing operating methods or increasing capacity of the office, e.g.:

(a) Replacements of all the relays or repeating coils of one type in a central office with relays or coils of an improved type for the purpose of improving the signaling or transmission characteristics

(b) Replacements of items of equipment in dial offices because of a change in the method of operation to multiple registration

(c) Replacements of items of power equipment because of a change in power purchased from direct current to alternating current

(d) Modifications of the trunk and cord circuits of multiple manual private branch exchange boards necessitated by a cut-over of a central office district to dial operation

(e) Replacements of protectors of one size with protectors of a smaller size on a main distributing frame so that more protectors may be installed in the same space

(f) Replacements of 20 pair terminal strips on a main distributing frame with 50 pair strips to increase the capacity of the frame

(g) Replacements of jack strips having 10 jacks per strip with strips having 20 jacks per strip to increase the capacity of a switchboard

(h) Replacements of keys of one type with keys of a different type to permit more keys to be placed in the same position

Note: In order to facilitate the pricing of future retirements, at the time of installation the company should obtain from the central office contractor sufficient detail to allow for the breakdown of the total cost of the project in accordance with the required retirement units identified above.

INFORMATION ORIGINATION/TERMINATION ASSETS

2311. STATION APPARATUS

None, but each company shall maintain its own list of station apparatus disposition units for account 2311 in accordance with the provisions of that account

2321. CUSTOMER PREMISES WIRING

None

2341. LARGE PRIVATE BRANCH EXCHANGES

Units specified under central office assets of this list

2351. PUBLIC TELEPHONE TERMINAL EQUIPMENT

None, but each company shall maintain its own list of public telephone terminal equipment disposition units so as to separately identify enclosures and coin, coinless and credit card telephones

2362. OTHER TERMINAL EQUIPMENT

None, but each company shall maintain its own list of other terminal equipment retirement units for account 2362 in accordance with the provisions of that account

CABLE AND WIRE FACILITIES

2411. POLES

A pole (i.e., line pole, brace pole, guy stub, or pole forming part A or H fixture), with or without associated anchors, guys, steps, and crossarms placed after January 1, 1971

A crossarm, (i. e., wooden crossarm, guard arm, or cable crossarm including extension arms), with or without braces or other hardware, placed prior to January 1, 1971

A special fixture (i.e., bridge fixture, a tower, or other special river-crossing or long-span fixture) with or without associated anchors, guys, etc.

2421. AERIAL CABLE

2422. UNDERGROUND CABLE

2423. BURIED CABLE

2424. SUBMARINE CABLE

2425. DEEP SEA CABLE

2426. INTRABUILDING NETWORK CABLE

Two continuous spans or more of cable, with or without associated distribution terminals, suspension strand, clamps, lashing, etc. (The term span shall include a length of cable from a Y splice not located at a pole to a pole or building.)

A section or run of cable, with or without associated elements and parts, as follows:

(1) Between a manhole, handhole, or service box and a pole, building, fence, wall, or the junction with the house cable

(2) Between manholes, handholes, or service boxes; or between an office cable vault and an office manhole

(3) Between a cable vault or an office manhole and the main frame, the main frame terminating cables, or the frame mounted connector stub

(4) A section of buried cable 300 feet or more in length, or any section of buried cable between manholes, splicing boxes, pedestals, poles, or buildings

(5) All of a continuous run of one size of house cable (All of a continuous run of one size means a section between splices other than straight splices.)

(6) All of a continuous run of one size of block cable, i.e., cable attached to buildings, walls, or fences (All of a continuous run of one size means a section between splices other than straight splices.)

(7) All of a submarine cable for one crossing; or a section of submarine cable 300 feet or more in length

(8) A section of underground dip cable between poles and/or buildings, or the appropriate units listed above

Any length of cable connected with but not a part of any unit on this list when replaced concurrently with the unit

Terminating cables:

All of the cables and forms used for terminating one cable

A complete cross-connecting cable terminal protected or unprotected, with or without associated balcony, pole seat, etc.

A complete intrabuilding network cable terminal, protected or unprotected, including frame type

A pressure contactor terminal with or without contactor

A complete house terminal, protected or unprotected, including frame type

A complete video terminal

A complete coaxial terminal

A submarine cable hut or house

A submarine cable anchorage

A submarine cable terminating frame

A case of equipment, such as loading coils, building-out capacitors, building-out condensers, carrier line filters, or auto-transformers

An air dryer

2431. AERIAL WIRE

Two continuous spans or more of insulated wire or two continuous spans of one uninsulated wire, with or without associated insulators, transposition brackets, etc.

A case of equipment such as loading coils, building-out condensers, carrier line filters, or auto-transformers

An antenna, complete with or without supports

2441. UNDERGROUND CONDUIT

A section of conduit-

(1) Between two manholes, handholes, or service boxes

(2) Between a manhole, handhole, or service box and a pole or building

(3) between a central office cable vault and an office manhole

(4) Underground dips--between two poles; between a pole and a building; between two buildings; or units (1) and (2) above

(5) a manhole, handhole, or service box

GLOSSARY

Note: When a manhole is reconstructed, i.e., enlarged or changed in design, the investment representing portions of the manhole removed, whether or not replaced, should be written off to the depreciation reserve account.

When used in this system of accounts:

1. Accelerated depreciation means a depreciation method or period of time, including the treatment given cost of removal and gross salvage, used in calculating depreciation deductions on income tax returns which is different from the

depreciation method or period of time prescribed by this commission for use in calculating depreciation expense recorded in a company's books of account.

2. Account means a specific element of a chart of accounts used to record, classify and accumulate similar financial transactions resulting from the operations of the entity. Accounts, or these accounts, refer to the accounts of this system of accounts.

3. Accounting system means the total set of interrelated principles, rules, requirements, 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 provide the necessary financial information to users to meet judiciary and other responsibilities.

4. 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.

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

6. Associated equipment means that equipment which functions with a specific type of plant or with two or more types of plant, e.g., switching equipment, network power equipment, circuit equipment, common channel network signaling equipment or network operations equipment. Associated equipment shall be classified to the account appropriate for the type of equipment with which it is predominately used rather than on its own characteristics.

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 permanently attached to the building)

Relay racks and panels

7. Basic local service area means the minimum specified calling area for which a tariff is prescribed.

8. Book cost means the amount at which property is recorded in these accounts, without deduction of related accumulated provision for depreciation, amortization or allowances for other purposes.

9. Commission or this commission means the Public Service Commission of the State of New York.

10. Common carrier or carrier means any person engaged as a common carrier for hire, in interstate or foreign communication by wire or radio or in interstate or foreign radio transmission of energy, except where reference is made to common carriers not subject to the jurisdiction of the Federal Communications Commission; but a person engaged in radio broadcasting shall not, insofar as such person is so engaged, be deemed a common carrier.

11. Company or the company, when not otherwise indicated in the context, means the accounting entity.

12. 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.

13. Cost, except as applied to telecommunications plant, 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.

14. 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.

15. Depreciation as applied to depreciable telecommunications plant is a systematic means of charging operations with the loss in service value not restored by current maintenance over the estimated useful life of the asset, 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.

16. Entity means a legal enterprise (common carrier) engaged in interstate and/or intrastate communications.

17. 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 accumulated provision for depreciation whether or not the particular item has attained the average service life.

18. Intangible property means assets that have no physical existence but instead have value because of the rights which ownership confers.

19. Intrasystems means assets consisting of:

(1) private branch exchanges (PBX's) and key system common equipment (a switchboard or switching equipment shared by all stations);

(2) associated customer premises equipment (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.

20. Local service area as applied to the requirement to keep subsidiary records for revenue accounts mean local access transport area (LATA).

21. Minor items, as applied to depreciable telecommunications plant, means any part or element of such plant, which when removed (with or without replacement) does not require retirement accounting. (Note also section 663.5 (b)(2) of this Title.)

22. Net salvage value means the salvage value of the property retired after deducting the cost of removal.

23. 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 consideration other than money exchanged for) property at the time when it was first dedicated to public service by a regulated telecommunications entity, whether the accounting company or by predecessors.

Note: For the application of this definition to property acquired from predecessors see section 663.2(a). Note also the definition of Cost in this glossary.

24. Plant retired means plant which has been removed, sold, abandoned, destroyed, or otherwise withdrawn from service.

25. Property record units means those items, groups of items, or quantities of property in terms of which the continuing property record of telephone plant accounts is maintained.

26. Research, development and demonstration (R, D & D) means expenditures incurred by the companies either directly or through another person or organization (such as a research institute, industry association, foundation, university, engineering company or similar contractor) in pursuing research, development and demonstration activities including experiment, design, demonstration, installation, construction or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development and demonstration costs should be reasonably related to the existing or future utility business. The term includes but is not limited to all such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; and the costs of obtaining its own patent,

such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects that rely on products or technologies that have not been previously verified to be feasible. The term does not include expenditures for efficiency surveys, studies of management, management techniques and organizations, audits of productivity, consumer surveys, advertising, promotions, or items of a like nature.

27. Retained earnings (formerly earned surplus) means the accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts.

28. Retirement units, as applied to depreciable telecommunications plant, means those major items of plant which when removed (with or without replacement) cause the initiation of retirement accounting entries. (Note also section 663.5(b)(1) of this Title.)

29. Salvage value means the amount received for property retired, if sold, or if retained for reuse, the amount at which the material recovered is chargeable to account 1220, Inventories, or other appropriate account.

30. Service life means the period between the time of installation of telecommunications plant and the time of its retirement.

31. Service value means the difference between the original cost and the net salvage as defined in paragraph (22) of this subdivision.

32. Stock expense, as applied to capital stock, means all expenses in connection with the issuance, sale of capital stock, such as fees and commissions (including the cash value of securities) paid to promoters, underwriters, brokers and salesmen; fees for legal services; cost of soliciting subscriptions for capital stock, including fees, commissions and advertising; cost of obtaining governmental authority and filing notices thereunder; fees and taxes for issuance of capital stock and listing on exchanges; cost of preparing, engraving, printing, issuing, and distributing prospectuses and stock certificates in connection with both original and additional capital stock issues. (Note also account 4520, Additional Paid-in Capital.)

33. Straight-line method, as applied to depreciation accounting, means the plan under which the service value 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.

34. Subsidiary record means accumulation of detailed information which is required by this commission to be maintained in support of entries to the accounts.

35. 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.

36. Subsystems, or parallel mechanisms means processes or procedures which augment the use of a chart of accounts in the financial operation of the entity. These subsystems operate on and/or process account and subsidiary record information for specific purposes.

37. Tangible property means assets characterized by physical existence, such as land, buildings, equipment, furniture, fixtures and tools.

38. Telecommunications means any transmission, emission, or reception of signs, signals, writing, images or sounds or intelligence of any nature by wire, radio, visual or other electromagnetic systems. This encompasses the aggregate of several modes of conveying information, signals or messages over a distance. Included in the telecommunications industry is the transmitting, receiving, or exchanging of information among multiple locations. The minimum elements required for the telecommunications process to occur are a message source, a transmission medium and a receiver.

39. Telephone corporation. See section 660.3(b) of this Title, Abstracts from Law.

40. Telephone line. See section 660.3(b) of this Title Abstracts from Law.

41. Time of installation means the date at which telecommunications plant is placed in service.

42. Time of retirement means the date at which telecommunications plant is retired from service.