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§ 666.1 Structure of the expense accounts

(a) The expense section of the system of accounts shall be organized by expense group summary account, account, and subsidiary record category (if required).

(b) The expense section of this system of accounts shall be comprised of four major expense groups--plant specific operations, plant nonspecific operations, customer operations and corporate operations. Expenses to be recorded in plant specific and plant nonspecific operations expense groups generally reflect cost associated with the various kinds of equipment identified in the plant asset accounts. Expenses to be recorded in the customer operations and corporate operations accounts reflect the costs of, or are associated with, functions performed by people, irrespective of the organization in which any particular function is performed.

(c) Summary accounts within expense groups shall be used to describe aggregations of two or more accounts having a certain commonality. Summary accounts are assigned numbers so that they may be used by telephone companies to aggregate accounts for reporting purposes.

(d) Accounts shall be maintained as prescribed in this uniform system of accounts subject to the conditions described in section 661.3 of this Title. Subsidiary record categories may be required below the account level by this system of accounts or by commission order.

§ 666.2 Plant specific operations expense

(a) The plant specific operations expense accounts, 6110 through 6441, shall be used to record costs related to specific kinds of telecommunications plant.

(b) The plant specific operations expense accounts predominantly mirror the telecommunications plant in service detail accounts and are numbered consistently with them; the first digit of the expense account being six and the remaining digits being the same as the last three numbers of the related plant account. In classifying plant specific operations expenses, the text of the corresponding plant account should be consulted to ensure appropriateness.

(c) The plant specific operations expense accounts shall include the costs of inspecting, testing (except as specified in account 6533, Testing Expense) and reporting on the condition of telecommunications plant to determine the need for repairs, replacements, rearrangements and changes; performing routine work to prevent trouble (except as specified in account 6533), replacing items of plant other than retirement units; rearranging and changing the location of plant not retired; repairing material for reuse; restoring the condition of plant damaged by storms, floods, fire or other casualties (other than the cost of replacing retirement units); inspecting after repairs have been made; and receiving training to perform these kinds of work. Also included are the costs of direct supervision (immediate or first-level) and office support of this work.

(d) In addition to the activities specified in subdivision (c) of this section, the appropriate plant specific operations expense accounts shall include the cost of personnel whose principal job is the operation of plant equipment, such as general purpose computer operators, aircraft pilots, chauffeurs and shuttle bus drivers. However, when the operation of equipment is performed as part of identifiable functions (such as the use of office equipment, capital tools or motor vehicles) the operators' cost shall be charged to accounts appropriate for those functions. (For costs of operator services personnel, see accounts 6621, Call Completion Services, and 6622.1, Number Services--Directory Assistance, and for costs of test board personnel see account 6533.)

§ 666.3 Plant nonspecific operations expense

The plant nonspecific operations expense accounts, 6510 through 6565, shall include expenses related to property held for future telecommunications use, provisioning expenses, network operations expenses, and depreciation and amortization expenses. Accounts in this group (except for accounts 6540, Access Expense, and accounts 6560 through 6565) shall include the costs of performing activities described in narratives for individual accounts. These costs shall also include the costs of supervision and office support of these activities.

§ 666.4 Customer operations expense

The customer operations expense accounts, 6610 through 6623.3, shall include the cost of performing customer related marketing and services activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

§ 666.5 Corporate operations expense

The corporate operations expense accounts, 6710 through 6790, shall include the costs of performing executive and planning activities and general and administrative activities described in narratives for individual accounts. These costs shall also include the costs of supervision, office support and training for these activities.

§ 666.6 Expense matrix

(a) The expense accounts shall be maintained by the following subsidiary record categories, as appropriate to each account.

(1) Salaries and wages. This subsidiary record category shall include compensation to employees, such as: wages, salaries, commissions, bonuses, incentive awards and termination payments.

(2) Benefits. This subsidiary record category shall include payroll-related benefits on behalf of employees such as the following:

Pensions

Savings plan contributions (company portion)

Workers' compensation required by law

Life, hospital, medical, dental, and vision plan insurance

Social Security and other payroll taxes

(3) Rents. (i) This subsidiary record category shall include amounts paid for the use of real and personal operating property. Amounts paid for real property shall be included in account 6121, Land and Buildings Expense. This category includes payments for operating leases but does not include payments for capital leases.

(ii) This subsidiary record category is applicable only to the plant specific operations expense accounts. Incidental rents, e.g., short-term rental car expense, shall be categorized as Other Expenses (see paragraph (4) of this subdivision) under the account which reflects the function for which the incidental rent was incurred.

(4) Other expenses. This subsidiary record category shall include costs which cannot be classified to the other subsidiary record categories. Included are material and supplies, including provisioning (note also account 6512, Provisioning Expense); contracted services; accident and damage payments, insurance premiums; traveling expenses and other miscellaneous costs.

(5) Clearances. This subsidiary record category shall include amounts transferred to construction accounts (see section 663.3(b)(3) of this Title), other plant specific operations expense accounts and/or account 3100, Accumulated Depreciation (cost of removal: see section 664.5(d) of this Title) as appropriate, from accounts 6112, Motor Vehicle Expense, 6113, Aircraft Expense, 6114, Special Purpose Vehicles Expense, 6116, Other Work Equipment Expense, 6534, Plant Operations Administration Expense, and 6535, Engineering Expense. There shall also be transfers to Construction and/or other Plant Specific Operations Expense accounts, as appropriate, from account 6512, Provisioning Expense and account 8310, Software Expense. Cleared amounts shall retain their initial expense matrix identities in the receiving expense accounts. With respect to these expenses, companies may establish such clearing accounts as they deem necessary to accomplish substantially the same results, provided that within 30 days of the opening of such accounts, companies

shall notify the Director of Accounting of the nature and purpose thereof. Additional clearing accounts affecting other expense areas may be established with prior approval of the Director of Accounting.

§ 666.7 Distribution of pay and expenses of employees

Charges to the telecommunications plant, operating expense, and other accounts for services and expenses of employees engaged in activities chargeable to various accounts shall be based upon the actual time engaged in the respective classes of work, except that the pay and expenses of an employee who performs the same class of work from day to day may be distributed upon the basis of a study of the time actually engaged during a representative period.

§ 666.8 Reimbursements

Reimbursements of actual costs incurred in connection with joint operations or projects, repairing plant due to damages by others, and obligations to make changes in telecommunications plant (such as highway relocations), shall be credited to the accounts originally charged.