Before the
Federal Communications Commission
Washington, D.C. 20554

CC Docket No. 86-182

In the Matter of

Automated Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Parts 31, 43, 67, and 69 of the FCC's Rules)

## REPORT AND ORDER

Adopted: July 16, 1987; Released: September 17, 1987

By the Commission:

### I. INTRODUCTION

1. The purpose of this proceeding is to establish an automated system for collecting, in a logical and consistent manner, the financial and operating data required by this Commission to administer our accounting, joint cost, jurisdictional separations, rate base disallowance, and access charge rules. This automated system is intended to facilitate the timely and efficient analysis of revenue requirements and rates of return, to provide an improved basis for audit and other oversight functions, and to enhance our ability to quantify the effects of alternative policy proposals.

2. Our need to organize and automate carrier data reporting systems has arisen from the increasing scope and complexity of our regulatory responsibilities. For example, with the AT&T divestiture, the efforts to provide equal access, and the adoption of a new uniform system of accounts for telephone carriers, we have been engaged in a more detailed examination of the jurisdictional separations process than was previously necessary. In addition, we reviewed, at least annually, the access tariff filings of the local exchange carriers (LECs) to ensure that revenue requirements are computed accurately and that the forecasts upon which recovery is based are reasonable. In addition, as telephone carriers begin to provide nonregulated services without structural separation safeguards, we must determine whether the joint costs incurred in providing regulated and nonregulated services are properly allocated between these types of services in order to protect the regulated ratepayers from subsidizing the nonregulated activities. All of these Commission activities have made it necessary to enhance our data accumulation and analysis systems so as to allow the processing of the data in the most effective and efficient manner.

3. On May 7, 1986, we released a *Notice of Proposed Rule Making* seeking comment on a proposal to adopt changes in our rules to implement an automated reporting system for financial and operating data for the LECs.[1] Specifically, we proposed to modify our rules[2] to require automated reports of USOA, jurisdictional separations, and access data[3] by all Tier 1 LECs and to automate reporting of USOA data by the larger non-Tier 1 Class A LECs.[4] We also proposed to include all the reporting requirements we adopted in our *Joint Cost Order* [5] and the *Rate of Return Order* [6] in this proceeding. The filings, containing both annual and monthly data for the prior calendar year, were to be submitted to this Commission in April of each year. In addition, the initial filing (*i.e.*, the April 30, 1988, filing) would contain data for the years 1984 to 1986. Finally, we proposed to delegate to the Chief of the Common Carrier Bureau the authority to initiate and revise the format and media by which the data would be submitted.

4. In this *Order* we adopt reporting requirements for Tier 1 carriers which will be phased in over a two-year period, beginning in October 1987. We adopt annual and quarterly reporting of annual and quarterly data instead of annual reporting of monthly data as proposed in the *NPRM*. We have decided not to require carriers to file data for the years 1984 to 1986. The annual automated reporting requirements we are adopting are as follows: (1) the Tariff Review Plan that all carriers subject to our access charge rules must file in support of their proposed 1988 access tariffs; (2) a report showing forecasts of regulated and nonregulated usage and costs for each cost pool as required in the *Joint Cost Order* ; (3) a report containing company-wide data for each account specified in the USOA; (4) a study area report containing data for each revenue requirement related account specified in the USOA; and (5) a study area report containing jurisdictional separations and interstate access results for each category specified in Parts 36 and 69 of our rules. The schedule for phasing in these reports is as follows: the next Tariff Review Plan report will be filed in October 1987; the initial Joint Cost Report will be filed by June 1, 1988; and the initial (two) USOA reports and the jurisdictional separations report will be filed by April 1, 1989. In addition, we are adopting a quarterly report, which covers, in summary form, the data we need to monitor revenue requirements, rate of return, jurisdictional separations, and access charges. The initial quarterly report will be filed by June 30, 1988. The rule changes to implement these reporting requirements are set forth in Appendix E. Finally, in order to maintain the necessary degree of flexibility in the rapidly evolving telecommunications environment, we authorize the Chief of the Common Carrier Bureau to implement the reporting requirements specified in this *Order*.

### II. BACKGROUND

5. In developing the automated reporting system we are adopting in this *Order*, we have been guided by the reporting requirements that have been developed to implement our rules governing interstate access tariffs and the allocation of joint and common costs between regulated and nonregulated activities.

#### A. Interstate Access Tariffs

6. This Commission has adopted interstate access charge rules.[7] These rules prescribe how the LECs will apportion interstate costs among the interexchange and billing and collection categories and the access elements, how the charges for the access elements will be computed, assessed, and collected, and how the revenue will be distributed.

7. Typically, interstate access tariffs[8] are filed in October prior to the year in which they are scheduled to go into effect.[9] Prior to the October filings, the Commission staff devises a Tariff Review Plan in which carriers provide cost material in support of their proposed charges.[10] Such cost support material includes cost, demand, and revenue data as well as operating statistics, both for previous years and for the upcoming tariff year.[11]

8. To assist us in reviewing and monitoring the access tariffs, we implemented quarterly reporting for the carriers' actual rate of return performance on an access element-by-element basis.[12] The report requires both current quarter results and the cumulative results for the current rate of return enforcement period.[13] This provides data that serve to verify the annual tariff filings and to identify significant errors in tariff rates before the end of the rate of return enforcement period.

### B. Separation of Costs Between Regulated and Nonregulated Activities

9. Telephone companies have engaged in some "incidental" nonregulated activities[14] for many years. Traditionally, the costs of these activities were not removed from the ratemaking accounts because such amounts were very small and the activities were closely related to regulated activities. Incidental activities, therefore, did not raise regulatory concerns about significant cost shifting or anti-competitive behavior.[15]

10. In recent years, however, the telephone companies have greatly increased the extent to which they engage in nonregulated activities, both directly and through affiliated subsidiaries. This Commission first responded to this situation in 1970, when we addressed one nonregulated activity, data processing services, in a decision known as *Computer I*.[16] In that decision we required that telephone companies which provide data processing services do so through separate subsidiaries,[17] with separate books of account, corporate officers, operating personnel, computer equipment and commercial facilities. The carriers were forbidden to promote or sell the data services of their subsidiaries, or to sell or lease any of their telephone facilities' spare data processing capacity to the subsidiaries. Thus, the potential for misallocation of joint and common costs was to be controlled by simply forbidding carriers from participating in joint operations or joint marketing with their subsidiaries.

11. Our policy since then has gradually evolved away from this concept of maximum structural separation towards accounting separation of the carriers' regulated and nonregulated activities. In our *Computer II* decision,[18] we deregulated enhanced services[19] and customer premises equipment (CPE), and allowed AT&T and the Bell Operating Companies (BOCs) to provide such services only through separate subsidiaries.[20] Since then we have established a regulatory framework for all telephone companies based on accounting separation rather than structural separation requirements, first for CPE,[21] and then for enhanced services.[22]

12. In our *Joint Cost Order* we adopted cost allocation standards to segregate the costs of activities that have never been subject to regulation as communications common carrier offerings and the costs of preemptively deregulated activities from the costs which are subject to jurisdictional separations. We also adopted affiliate transaction rules prescribing a carrier's methods of recording transactions with its affiliates.[23]

13. The *Joint Cost Order* requires that Tier 1 LECs and dominant interexchange carriers file cost allocation manuals,[24] based on Part 32 accounts, with this Commission by September 1, 1987.[25] Other LECs are required to use the basic cost allocation standards adopted in the *Joint Cost Order*, but are not required to file manuals. BOCs that intend to implement the relief granted in the *BOC Structural Relief Order* in 1987 must also file manuals based on Part 31. The BOCs cannot begin to offer CPE on a structurally unseparated basis until they have implemented an approved cost allocation manual. The *Joint Cost Order* also directed our staff to monitor cost allocation results, and to establish a data base for comparing demand forecasts[26] with actual results, as soon as the cost manuals are implemented. Development of permanent reporting and data retention requirements were deferred to the instant proceeding.[27]

### C. Relationship Between the Interstate Access Tariffs and Joint Cost Rules

14. Our Joint Cost Rules are related to the access tariffs in the following ways: (1) nonregulated costs for preemptively deregulated services must be extracted from a carrier's costs prior to the application of the jurisdictional separations and the access charge rules; and (2) nonregulated costs for services deregulated at the federal level generally are identified after the application of jurisdictional separations, by the same process that assigns costs to the access charge elements. In the reporting requirements developed below, we have considered these and other inter-relationships[28] that enable us to monitor the revenue requirement development process beginning with a carrier's accounting system and ultimately leading to the development of its access tariffs.

## III. COMMENTS AND DISCUSSION

15. In response to the *NPRM*, comments were filed by MCI Telecommunications (MCI) and fourteen parties representing LECs.[29] Replies were filed by MCI and nine parties representing LECs.[30] In addition, we include in the record of this proceeding a report on financial reporting requirements submitted to us in 1984 by the Telecommunications Industry Advisory Group (TIAG).[31] In resolving the issues we have relied in part on this report.[32]

16. In the remainder of this section we address the major issues raised by this proceeding: (1) Should reporting requirements, format or media be established or revised by Commission action or by the Common Carrier Bureau under delegated authority? (2) Which carriers must file? (3) What data must be filed? (4) How often must it be filed? (5) What data, if any, should be afforded confidential treatment? (6) What filings are redundant and should, therefore, be eliminated?

### A. Authority

17. *Reporting Requirements*. In the *NPRM* we proposed to adopt final reporting requirements in this *Order*, leaving only the issues of format and media to be developed by the Bureau under delegated authority. The LECs argue, however, that the proposed reporting requirements are too broadly defined and would result in a greatly increased reporting burden. They further contend that much of the data would prove to be of little use to this Commission. The LECs propose that, instead of adopting final reporting rules and requiring the first filing to be made on April 30,

1988, we should adopt only limited, interim reporting requirements and delay full reporting until 1989. They argue that we should work in concert with the industry to refine our requirements before adopting final rules. Furthermore, they note that if any reporting is adopted prior to that date, further Rule Makings would be required because changes in our accounting rules are already scheduled to become effective in 1988 and because decisions in other pending proceedings may change our data needs.

18. The LECs have raised a number of important points. We have concluded that our original proposal may be too broadly defined and have accordingly tailored our reporting requirements to specific regulatory needs. *See* paras. 38-46, *infra*. We also agree that early implementation could involve subsequent revisions of the reports for the changes in our USOA and jurisdictional separations rules that are scheduled to become effective in 1988. On the other hand, delayed implementation would compromise our ability to review the cost and demand data that will be filed along with access tariffs on October 3, 1987, and to monitor access costs in 1988. Furthermore, it would also delay our examination of the demand forecasts required by our *Joint Cost Order* for the allocation of regulated and nonregulated costs.

19. We reject, therefore, the LECs' proposal that we delay reporting until all the scheduled and pending rule changes are resolved. We believe that the solution to the implementation problem is to phase in our reporting requirements in step with the changes in our rules. We believe that the schedule we have developed minimizes the delay in the implementation of reporting while avoiding the necessity of revising reports to reflect the rule changes scheduled to become effective in 1988.

20. We also reject the LECs' proposal that we adopt only interim reporting requirements. While we agree that we should maintain a high degree of flexibility in our approach, we believe that adopting interim reporting, with the implicit need for further cycles of Rule Making, will delay the development of an efficient and smooth-running automated reporting system. The *NPRM* proposed to adopt final versions of *all* our automated reporting requirements in one Report and Order. We have now decided that, instead of adopting a single set of detailed requirements, we can accelerate the process by adopting detailed specifications of our reporting requirements in this *Order*, and delegating to the Common Carrier Bureau the authority to complete the implementation of the reports in accordance with our specifications. As discussed below, we are adopting detailed specifications for all reporting requirements except those associated with our *Joint Cost Order* and Form M. The specification of the reporting for joint costs must be postponed until the joint cost manuals that are to be filed by September 1, 1987, have been reviewed; and the specifications of the Form M schedules must be postponed for further evaluation to reflect the changes adopted in the USOA. We believe that by adopting a phased implementation of the automated reporting requirements, we can more rapidly introduce the necessary requirements, while reducing the time and effort needed to respond to problems that develop and changes in our data needs.

21. We have had extensive experience with this approach. For example, the Common Carrier Bureau develops the Tariff Review Plans (TRP) under our delegated authority to implement our Access Rules. We note that the TRPs have evolved over time, and that, under the authority we have already delegated to the Bureau, it has taken the first steps in automating its TRP by requiring that the cost support data for the 1987 access tariffs be filed in both paper and computer diskette form. We have also concluded that the reporting needed to implement our Joint Cost rules will require that our staff obtain additional information from the regulated companies in order to maximize the practical utility of common carrier data submissions while minimizing the costs.

22. We believe that adopting the reporting specifications described herein, but retaining the flexibility afforded by instituting the reporting requirements under delegated authority, will be a much more effective approach than the one proposed in the *NPRM*.

23. *Format and Media*. In the *NPRM*, we proposed to delegate to the Chief of the Common Carrier Bureau the authority to determine and revise the format and media[33] for our reporting requirements. Several of the LECs argue that they should be consulted in these matters, and recommend that, in order to guarantee that they will be able to express their views, we should use our Rule Making procedures. We agree that we need to seek the industry's views on the availability and compatibility of any format and media that is adopted. We reject the proposal to use our Rule Making procedures, however, because we believe that the pace of technological change will require us to revisit our standards regularly, and because we believe that these are technical issues that are best left to our staff to resolve. The staff will, of course, consider informal comments from the industry and other interested persons. Should there be a substantial change in reporting requirements, a Rule Making will be instituted. In this *Order* we intend to grant to the Chief of the Common Carrier Bureau the authority to establish and revise the format and media of our automated reports. We direct that before doing so our staff provide the industry and other interested persons with a reasonable opportunity to express their views.

**B. Who Must File**

24. In the *NPRM* we proposed that: (1) all Tier 1 local exchange carriers would provide the results of the USOA, jurisdictional separations, and access charges; and (2) all other Class A *(i.e.*, as defined in Part 31 of our rules) local exchange carriers with annual revenues in excess of $50 million would provide only the results of the USOA and our *Joint Cost Order*. Certain of the LECs urge us to raise our annual revenue threshold in the second criteria listed above from $50 million to $100 million, in order to minimize the burden on the smaller carriers. We are not convinced that the burden on the smaller carriers *(i.e.*, those whose annual revenues from regulated telecommunications services are between $50 million and $100 million per year) would be as great as claimed. However, we have decided to apply the requirements set forth in this *Order* only to Tier 1 LECs. By applying the requirements of this *Order* to Tier 1 LECs, we are effectively increasing the reporting threshold from that proposed in the *NPRM*, and also making our reporting threshold more consistent with our Part 32 definition of Class A carriers.[34]

25. The filing requirements for Tier 2 Carriers with annual operating revenues of more than $50 million will not be specified in this proceeding. Rather, they will be dictated by this Commission's needs, as determined in other specific proceedings. The Common Carrier Bureau may require that responses to individually tailored data

requests be submitted for automated data processing. For example, the Bureau will determine which carriers must file a TRP. We note that in our 1986 TRP,[35] the Bureau adopted a number of different reporting requirements in order to accommodate differences in the LECs' filing requirements and in their abilities to provide cost, demand, and revenue data. Our staff will continue to tailor TRP reporting requirements to the filing status and the reporting abilities of the LECs, and we expect our staff to consider the limitations of automated accounting systems.

**C. Reporting by Study Area**

26. Many carriers assert that carriers should not be required to file data by study area[36] because the carriers do not regularly keep records in that level of detail and the data would not serve any regulatory purpose. We are not convinced by these arguments. First, none of the commenters identifies a Tier 1 carrier that does not keep its operational data on a study area basis. Second, most of the data that are under consideration in this *Order* are specified in our accounting, jurisdictional separations, or access charge rules, all of which either explicitly or implicitly require data at the study area level of disaggregation.[37] We will require that data be reported on a study area basis whenever our rules dictate.[38] Below we identify three reports (*see* paragraphs 38-44 and Appendices A, C, and D) that require data by study area.[39]

27. Ameritech suggests that LECs, after giving prior notice, be allowed the option of combining or dividing data for more than one study area for reporting purposes. In our 1986 TRP the LECs were ordered to file data on a study area basis. That requirement was designed to prevent the reporting discontinuity and data incomparability which would result if LECs were to change their reporting basis from year to year. This rationale is no less important in this proceeding since one of our primary purposes in the instant order is to establish a database that will allow year-to-year comparisons. If we were to allow LECs to combine or divide study areas, we would have to require restatement of previous years' data to supplement the current filing based on combined or divided study areas. We find that such an alternative would be unnecessarily burdensome on both the carriers and Commission staff. We, therefore, require that data be filed on a study area basis.

**D. Tracing of Costs**

28. The *NPRM* proposed to require the filing of USOA, joint cost, jurisdictional separations, and access data with sufficient detail to allow the tracing of dollars entered in each USOA account through the allocations required by our rules to the individual access charge elements. The LECs oppose this, arguing that, because there is no one-to-one correspondence between USOA accounts and jurisdictional separations categories, an enormous amount of additional analysis would have to be accomplished in order to trace costs and revenues at the USOA account level. USTA suggests that this Commission can monitor the jurisdictional separations, rate of return, and access charge processes using highly aggregated data, and can request detailed reports when a problem is detected. USTA proposes that, where this Commission needs to be able to trace costs through the allocations required by our rules, we should adopt multi-account cost and revenue categories for reporting, and that we should require the detailed reporting of USOA, joint cost, jurisdictional separations and access charges in separate reports. USTA provides a sample report in its comments,[40] which most LECs support.

29. We agree that there is no one-to-one correspondence between USOA accounts and jurisdictional separations categories. For example, in the USOA, outside plant is segregated into nine accounts (poles, aerial cable, underground cable, buried cable, submarine cable, deep sea cable, intrabuilding network cable, aerial wire, and conduit systems), while in our jurisdictional separations process outside plant is segregated into four major categories (exchange line cable and wire facilities (CWF), wideband and exchange trunk CWF, interexchange CWF, and host/remote message CWF). None of the nine USOA accounts is an exact match to any of the four separations categories. To demonstrate how each of the USOA account balances relates to the jurisdictional separations categories, the LECs would have to perform additional steps.[41] The sum of the nine USOA outside plant accounts, however, matches the sum of the four jurisdictional separations outside plant categories. As a result, for outside plant in total it is possible to trace USOA data through the jurisdictional separations process without additional analysis.

30. We agree with USTA that, if properly selected, multi-account cost and revenue categories can be established that will enable the Commission to accomplish many of the routine cost and revenue analyses necessary to administer its joint cost, jurisdictional separations, access charge tariff, and rate of return policies and procedures while allowing the tracing of costs through the various procedures specified by our rules. As discussed below, we adopt the report shown on page 2 of Appendix A, which is quite similar to that recommended by USTA in its comments.

**E. Reporting Frequency**

31. In the *NPRM* we proposed an annual filing, with updates whenever a company files a revision of its access tariff. The LECs agree that annual filings should be made, but they oppose our requirement that updated forms be part of every access tariff revision filing. They argue that many carriers make revisions in their access tariffs several times during a year[42] and that most of those revisions are of a nature that require no cost analysis. The *NPRM* also proposed that the data in the annual filing be provided by month. The LECs object to this requirement, arguing that monthly data would add greatly to the reporting burden, and in any case, would be of limited usefulness because of its volatility.

32. On the other hand, MCI proposes that, instead of an annual filing with monthly data, monthly filings would better permit this Commission and other interested parties to perform timely analyses. MCI observes that, under our current access charge procedures with tariffs filed in October to be effective in January, the data from an annual automated report would always be from 10 to 22 months old.[43] MCI cites AT&T's comments in this Commission's investigation into the July 2, 1985, access tariffs in which AT&T said that the absence of current and reliable data delayed the resolution of that investigation.[44]

33. MCI argues that the cost of filing monthly data cannot be excessive since the LECs already create and submit much of the data specified in the *NPRM* in a variety of monthly written reports, and that it is more rational to have the LECs consolidate and report these

data in a single automated system than it is for this Commission to consolidate such data from the existing paper submissions. MCI contends that the data requested regarding jurisdictional separations, demand, and revenue requirements are the building blocks of cost-based access charges, and that only with regular and thorough reporting will this Commission be able to conduct meaningful analysis of the industry. In MCI's view, the volatility in monthly cost and demand data argues for, not against, monthly reporting. Without monthly information, MCI argues, this Commission will not be able to distinguish between seasonal fluctuations, real changes in economic circumstances, and deliberate or accidental manipulation of data by the LECs.

34. We believe that the LECs and MCI have both made important points. We agree with MCI that we must obtain data on a timely basis in order to administer our ongoing regulatory functions, to determine whether our initiatives and policies are functioning as we desire, and to adjust our rules and procedures accordingly. In the case of our access tariff process, we need timely information to evaluate LEC-proposed annual tariffs and "mid-course corrections" and to establish a basis for corrective actions. Another case in point is our *Joint Cost Order*. In that order we adopted accounting rules which are scheduled to become effective on January 1, 1988. With only annual reporting we would not see any results of accounting separation between regulated and nonregulated activities until the spring of 1989. We are extremely desirous that the accounting separation procedures (*i.e.*, the joint cost manual, transaction rules, etc.) be implemented properly, and we believe it is essential that the preliminary results of these procedures be available in early 1988, so that problems can be identified and corrective measures taken as soon as possible.

35. On the other hand, we are not unmindful of the LEC arguments that we must be sensitive to the reporting burden of our data requirements. We recognize that increasing the frequency of filing increases the burden on the carriers. We note that the reporting burden is a function of the amount of data being filed as well as of the filing frequency. We have examined in detail the regulatory purposes served by the data which we propose to collect, and we have studied closely the data that would be collected under USTA's recommended scaled-down reporting.[45] We have decided to collect, on a regular basis, the details of the USOA, joint cost, separations, rate base disallowance, and access charge data. As we discuss below (*see* paragraph 38), we have identified a small subset of our total data requirements that is needed on a more frequent than annual basis to fulfill our monitoring of revenue requirements, regulated/nonregulated cost allocations, jurisdictional separations, rate of return, and access charge allocations. We believe that requiring the LECs to file this subset of highly aggregated data several times a year would be significantly less burdensome, while still meeting our needs, than the *NPRM*'s proposal requiring that detailed annual and monthly data be provided with all annual and updated tariff revision filings.[46]

36. We also believe that ultimately the question of reporting frequency for such data must be resolved after we have gained more experience in using the data. Neither the LECs' arguments against monthly data, nor MCI's arguments in favor of it, have persuaded us. In our *Rate of Return Order*, which we adopted after the *NPRM* was released, we found that quarterly reporting was a sufficient monitoring mechanism to protect ratepayers against unlawful carrier rates.[47] Without quarterly reporting, we found that carriers who mis-targeted earnings could reap a windfall at the expense of ratepayers prior to the ordering of any refunds. We note that quarterly reporting is also the norm for corporate financial reporting to the public. We conclude that we should extend quarterly reporting to the monitoring data required in this proceeding.

37. Although we are adopting a quarterly reporting requirement, we are concerned that such frequency may not be sufficient to meet our needs. For example carriers may file for mid-course tariff corrections at any time during the access tariff year. This often appears in the middle of a quarter and is supported by less than a full quarter of data. If we determine in the future that the quarterly data we are collecting will not provide us with sufficient information, we will consider requiring monthly information.

### F. Quarterly Reporting Specifications

38. As we have discussed above, we have determined that our need for current data for industry monitoring requires reporting on at least a quarterly basis. Appendix A to this *Order* contains a report form that addresses our regulatory needs, yet minimizes the volume of data that the LECs must submit. We have been careful to define the cost and revenue data on a high enough level of aggregation that it will allow each item to be tracked from the USOA through access charges on a simple form. Despite its compactness, this report contains sufficient detail to allow us to perform our routine analyses of costs and revenues. It is also comprehensive. The line items provide all the data elements that enter into the revenue requirement, ratebase and rate of return equations.[48] The columns show the results of regulated and nonregulated operations, jurisdictional separations and access element information. The initial quarterly report will be required by June 30, 1988, for the first quarter of 1988.

39. We believe that this report represents the minimum possible burden on the industry that will satisfy our needs for routine quarterly reporting. We note that it is very similar in form to the one suggested by USTA in its comments[49] and closely follows the COS-1 and COS-2 tables in our 1986 Tariff Review Plan.

### G. Annual Reporting Specifications

40. *The Tariff Review Plan*. Our most immediate automated reporting need is for the cost, demand, and associated operating statistics which will be submitted with the 1988 annual access tariff filings. This will be the fourth round of complete access cost support filings.

41. *USOA*. In the *NPRM* we identified a need for an annual detailed filing of the results of the USOA. Currently, this Commission receives most of the USOA data in paper form, in the nearly eighty schedules of our Form M. We have considered adopting the Form M, *in toto*, as part of our annual reporting requirements. We are not inclined to do so, however, because: (1) Form M is based upon Part 31 account definitions and it must be revised in terms of Part 32 accounts before it can be incorporated into our automated reporting requirements; (2) some Form M schedules do not lend themselves to automation, because they do not contain quantitative information (*e.g.*, there are schedules for listing officers, major stockholders, etc.), and would not likely require computer analysis; (3)

other schedules may be too seldom used to justify automation; and (4) we do not want to impose additional reporting burdens on carriers unless we have identified a specific purpose that would be served by doing so. We have identified our most important requirements and will adopt initially two reporting requirements covering the results of the accounts specified in the USOA. The first schedule will be provided on an operating company basis and will contain the results of all USOA accounts. There will be a line item for each account with a column for results. Appendix B describes this report in more detail. The second schedule will be provided on a study area basis. It will contain data for regulated and nonregulated operations for those accounts which are related to a carrier's revenue requirement.[50] Appendix C contains a more detailed description of this report.

42. At a later date, we will likely supplement our initial USOA reporting requirement with schedules from our Form M. We direct the Common Carrier Bureau to take the following steps: (1) review the current Form M to determine which schedules are no longer necessary, which schedules need revision, and which new schedules must be added to satisfy our data collection needs; and (2) assess which schedules must be mechanized and incorporate them into our automated reporting system.

43. *Separations and Access Charges.* We also proposed in our *NPRM* to require LECs to report the results of separations and access charges along with their USOA results. As discussed earlier, *(see* paragraphs 28-30) USTA and others object to filing reports tracing each individual USOA account through the separations process to specific access tariff elements. USTA claims it would require the development of new procedures which are not required by our rules. These parties further contend that such additional effort and detail would serve little purpose and impose a substantial burden on carriers. We must obtain the details of the results of our jurisdictional separations and access rules in order to fulfill our regulatory obligation to ascertain that cost allocations are being properly made and that changes in our rules are being properly implemented. We believe, however, that we can fulfill these obligations without requiring that the results of our jurisdictional separations and access charge rules be reported by USOA account. Accordingly, for the purposes of our annual, detailed reporting, we will use separate forms for reporting the results of our USOA, and the results of our jurisdictional separations and access charge rules. The USOA reports will require data by USOA account. The jurisdictional separations and access charge reports will require data by separations category.

44. Our annual separations and access charge schedule will be on a study area basis and will contain the results of separations and access charges. There will be a line item for each separations category and a column for various cost categories and access elements. Appendix D describes this report in more detail. We will require these annual schedules to be filed no later than April 1, of the year following the reporting year.

45. *Joint Cost Reporting.* Although the results of our joint cost rules will be included as an integral part of some of the reporting requirements discussed above, the forecasts of relative regulated and nonregulated use, which our rules specify as the basis for separating regulated and nonregulated network plant investment, will be reported in a separate, annual filing. These forecasts of relative use were identified in the *Joint Cost Order* as key elements in the accurate allocation of costs on a cost causal basis because many costs are incurred in anticipation of future demand rather than in response to the current level and pattern of demand for service. After an initial filing of forecasts for each category of network plant, the carriers must annually update their forecasts and report actual usage. The *Joint Cost Order* requires our staff to review the forecasts in detail and to monitor closely the relationship of actual and forecasted usage.

46. We anticipate that by the end of 1987 we will have approved cost manuals for many Tier 1 carriers implementing our joint cost rules. We direct our staff, after considering suggestions of industry representatives and other interested persons, to issue a public notice by February 1, 1988, describing an automated format for the submission of joint cost forecast data. Those LECs required by our rules to submit forecasts will file their initial forecasts in the proposed format, by no later than June 1, 1988. Update filings will be made by September 1 of the year prior to that in which the forecasts are to be used.

### H. Confidential Treatment

47. Several LECs raise the question of confidential treatment for certain data. Bell Atlantic requests that data submitted in machine readable form have the same protections that are available for data submitted in paper form. BellSouth and NYNEX express concern that the level of detail specified in our *NPRM* would, if made public, place them at a competitive disadvantage. BellSouth requests that we establish safeguards before sensitive, competitive data are filed, or that we limit reporting to data that are highly aggregated.

48. We believe that the reporting requirements we are adopting in this *Order* address the LECs' concerns over the level of detail that will be filed with us. Our reporting requirements are carefully tailored to address our already established regulatory needs and should not raise any problems of confidentiality. Those areas in which detailed information is required are fully subject to regulation and the issue of competitive advantage will only arise in special circumstances. Our *Joint Cost Order* requires the collection of financial and operational data on nonregulated operations, but on a sufficiently aggregated basis to attenuate any conceivable competitive disadvantage of these data being placed in a public record.

49. Our existing rules set forth procedures by which carriers may obtain confidential treatment of proprietary filings. Those rules provide that information subject to such a request will not be released until the person making the request has had an opportunity to present its arguments against disclosure.[51] We will weigh the considerations favoring disclosure and non-disclosure in light of the specific factual situation when ruling on such arguments.[52] We are not persuaded that those rules will be inadequate to protect the carriers' legitimate concerns for the confidentiality of the information they submit in response to this *Order*.

50. Our rules also specify that when a filing mixes proprietary information which may be protected from disclosure with routinely available information, the filer must, where feasible, physically separate the assertedly protected material from other material.[53] With regard to conventional paper filings, compliance with that requirement is simple. The filing person can simply provide a separate document containing the information for which protection is sought. That procedure will not be adequate

for filings submitted in response to this *Order*. Because the utility of such filings to this Commission will be to a great extent dependent on our computers being able to read and process that information in one organized system of information, we wish to clarify that carriers seeking proprietary treatment for some data must provide two copies of both the paper and the computer media submission. The first copy must contain all the required information on both the paper and the computer media submissions. The second should be restricted to information which the carrier is willing to make available to the public. In addition, the carrier should prominently label the copy containing information subject to a claim of confidentiality to prevent inadvertent disclosure.

### I. Elimination of Redundant Filings

51. The *NPRM* proposed that, following an interim transition period, we would phase out our existing paper reports when data included on such reports are reported mechanically. The LECs are strongly in favor of this proposal and urge us to proceed as quickly as possible. We direct our staff to inventory our existing reporting requirements for the purpose of evaluating their relationship to automated filings and determining whether such reporting requirements remain necessary for our regulatory activities. Examples of current reporting forms which may need reevaluation or revision include Forms M, 901, and 492.

52. Some LECs suggest that automated reporting should completely supplant the need for paper filings. They argue that it is unnecessary and burdensome to require paper copies of data submitted on computer-readable media. We believe that the public's access to the data filed with us for regulatory purposes would be severely limited if that data were not available for inspection in paper form. We do not see a significant burden on carriers by requiring that they provide data that are essentially no more than printouts of automated submissions particularly since we believe that carriers will, in many instances, create such printouts for their own internal purposes. Furthermore, although we intend to make provisions in our computer-readable format for explanatory footnotes and annotations, we expect that carriers will wish to supplement their filings with paper commentaries. Accordingly, we will require that all automated reporting be accompanied by suitable paper printouts of the data formatted in tables with titles and headings.

### J. Implementation

53. In the *NPRM* we proposed to implement all of our reporting requirements for the calendar year 1987, with the first filing on April 30, 1988. The LECs object to our proposal. A number of them prefer that implementation be delayed until 1988, when our new USOA and separations manual become effective, with the first filing on April 30, 1989. They argue that it is an unnecessary and unreasonable burden on carriers to adopt a reporting system that would be comprehensively revised after only one year. They also question the value of the data that would be collected since the data filed under the accounting rules in effect in 1987 would not be directly comparable to the data filed under the accounting rules going into effect in 1988. USTA, in its comments, suggests that we implement our reporting requirements slowly, to allow us to gain experience and to minimize the amount of revision that will have to be done.

54. We agree with the comments to the extent that it would be burdensome and of little value to implement all of our reporting requirements this year. As we have discussed above, however, some of our data needs cannot be postponed as long as some LECs would prefer. We believe that the least burdensome approach to implementation that is consistent with our needs is to phase in our reporting requirements as the data are required. We have examined our requirements and have decided to adopt the following schedule:

(1) Our most urgent requirement is for the cost and demand data and the operating statistics that the LECs must file to support their general access charge filings on October 3, 1987. We direct the Common Carrier Bureau's staff to continue its development of an automated tariff review plan for use in the filings made this October.

(2) We also attach a great deal of urgency to our requirement for joint cost forecast data. We believe that it is critically important to detect and correct as soon as possible any forecasts that could lead to significant misallocations of network plant between regulated and nonregulated operations. Our *Joint Cost Order* ordered implementation of cost allocation manuals to take place on January 1, 1988, concurrently with the implementation of our new USOA. We direct our staff to develop an automated report for these data and to issue a public notice of its details by February 1, 1988. All interested parties, including the LECs, will have an opportunity at that time to inspect and comment on this proposal. We further direct our staff to issue a final report by April 1, 1988. We order all companies that are required to file cost manuals with this Commission to file a forecast report on an annual basis. The initial filing will be for the calendar year 1988, and will be filed no later than June 1, 1988. Subsequent filings will be made no later than September 1 of the year prior to that in which the forecasts are to be used.

(3) We will delay the implementation of our quarterly reporting requirements until our new USOA accounting becomes effective. We direct our staff to issue by October 31, 1987, the complete details (*i.e.*, record layout, format, media, etc.) of an automated report for the data listed in Appendix A. All Tier 1 companies will be required to file such a report each March 31, June 30, September 30 and December 31 for the previous calendar Quarter.

(4) We will also delay the implementation of our other annual reporting requirements until our new USOA becomes effective. We direct our staff to issue by July 1, 1988, the complete details of the two annual USOA schedules and the Separations and Access schedule discussed above. All Tier 1 LECs will file these forms annually, beginning with 1988 data, which must be filed no later than April 1, 1989. Subsequent reports must be filed no later than April 1 following the reporting period.

## IV. OTHER

### A. Paperwork Reduction Act

55. The proposal contained herein has been analyzed with respect to the Paperwork Reduction Act of 1980 and found to impose a new or modified information collection requirement on the public. Implementation of any new or modified requirement will be subject to approval by the Office of Management and Budget as prescribed in the Act.

### B. Regulatory Flexibility Act Certification

56. We certify that the Regulatory Flexibility Act (RFA) is not applicable to the rules we are adopting in this proceeding.[54] In accordance with the provisions of Section 605 of that Act, a copy of this certification will be sent to the Chief Counsel for Advocacy of the Small Business Administration at the time of publication of a summary of this *Order* in the Federal Register. As part of our analysis of the rules described in the *First Report and Order*, however, this Commission has considered the impact of the proposal on small and medium-sized telephone companies, *i.e.*, those earning less than $100 million per year.[55]

## V. ORDERING CLAUSES

57. Accordingly, IT IS ORDERED, pursuant to the provisions of Sections 4(i), 4(j), 201-205, 215, 218, 219 and 220(a) of the Communications Act of 1934, as amended, that the policies, rules, and requirements set forth herein ARE ADOPTED, effective **November 12, 1987.**

58. IT IS FURTHER ORDERED, that the Chief of the Common Carrier Bureau is delegated the authority to implement the policies, rules, and requirements set forth herein.

FEDERAL COMMUNICATIONS COMMISSION

William J. Tricarico
Secretary

## SUMMARY

This appendix lists the revenue, revenue requirement, and demand data which must be provided quarterly by study area. Pages 2 and 3 illustrate the general form of the data; however, more detailed specifications will be provided by October 31, 1987. Each line on page 2 is an element related to a study area's revenue or revenue requirement and each column is a cost category or access element specified in our Rules. Page 3 consists of selected demand data. Pages 4, 5 and 6 describe the line entries for page 2 and pages 7 and 8 describe the column entries. Pages 9 and 10 describe the demand data entries for page 3. All monetary figures must be rounded to the nearest thousand dollars.

QUARTERLY REPORT CARRIER ____________________ STUDY AREA ____________________ FOR THE PERIOD ____________________

| Classifications (a) | Total (b) | Non-Reg. (c) | Other Adjust. (d) | Subject to Separations (e) | State (f) | Interstate (g) | Common Line (h) | Traffic Sensitive: Switch (i) | Traffic Sensitive: Transport (j) | Traffic Sensitive: Information (k) | Special Access (l) | Total Access (m) | Non-Access (n) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | | | | |
| 1. Network Access | | | | | | | | | | | | | |
| 2. Local Network | | | | | | | | | | | | | |
| 3. Toll Network | | | | | | | | | | | | | |
| 4. Miscellaneous | | | | | | | | | | | | | |
| 5. AFUDC | | | | | | | | | | | | | |
| 6. Uncollectibles | | | | | | | | | | | | | |
| 7. Net Revenues | | | | | | | | | | | | | |
| **Expenses** | | | | | | | | | | | | | |
| 8. Plant Specific | | | | | | | | | | | | | |
| 9. Plant Non-specific Less Depr. | | | | | | | | | | | | | |
| 10. Marketing | | | | | | | | | | | | | |
| 11. Customer Operations Services | | | | | | | | | | | | | |
| 12. Access | | | | | | | | | | | | | |
| 13. Corporate Operations | | | | | | | | | | | | | |
| 14. Extraordinary | | | | | | | | | | | | | |
| 15. FCC Expense Adjustment | | | | | | | | | | | | | |
| 16. Subtotal | | | | | | | | | | | | | |
| 17. Depreciation/amortization | | | | | | | | | | | | | |
| 18. Total Expenses | | | | | | | | | | | | | |
| **Other Taxes** | | | | | | | | | | | | | |
| 19. State and Local Income | | | | | | | | | | | | | |
| 20. Other State and Local | | | | | | | | | | | | | |
| 21. Total Other Taxes | | | | | | | | | | | | | |
| **FIT** | | | | | | | | | | | | | |
| 22. Fixed Charges | | | | | | | | | | | | | |
| 23. IRS Income Adjustment | | | | | | | | | | | | | |
| 24. FCC Taxable Income Adjustment | | | | | | | | | | | | | |
| 25. ITC Amortization | | | | | | | | | | | | | |
| 26. FCC ITC Adjustment | | | | | | | | | | | | | |
| 27. Net FIT | | | | | | | | | | | | | |
| **Plant-in-Service** | | | | | | | | | | | | | |
| 28. Support Plant | | | | | | | | | | | | | |
| 29. COE-Switching | | | | | | | | | | | | | |
| 30. COE-Transmission | | | | | | | | | | | | | |
| 31. Cable and Wire | | | | | | | | | | | | | |
| 32. Information | | | | | | | | | | | | | |
| 33. Amortizable Assets | | | | | | | | | | | | | |
| 34. Total Plant | | | | | | | | | | | | | |
| **Other Investments** | | | | | | | | | | | | | |
| 35. Property Held for Future Use | | | | | | | | | | | | | |
| 36. Plant Under Construction | | | | | | | | | | | | | |
| 37. Plant (Acquisition) Adjustment | | | | | | | | | | | | | |
| 38. Other Deferred Charges | | | | | | | | | | | | | |
| 39. Material and Supplies | | | | | | | | | | | | | |
| 40. Cash Working Capital | | | | | | | | | | | | | |
| 41. FCC Investment Adjustment | | | | | | | | | | | | | |
| 42. Total Other Investments | | | | | | | | | | | | | |
| **Reserves** | | | | | | | | | | | | | |
| 43. Depreciation | | | | | | | | | | | | | |
| 44. Amortization | | | | | | | | | | | | | |
| 45. Deferred FIT | | | | | | | | | | | | | |
| 46. Customer Deposits | | | | | | | | | | | | | |
| 47. FCC Reserve Adjustment | | | | | | | | | | | | | |
| 48. Total Reserves | | | | | | | | | | | | | |
| **Return Data** | | | | | | | | | | | | | |
| 49. Beginning Net Investment | | | | | | | | | | | | | |
| 50. Ending Net Investment | | | | | | | | | | | | | |
| 51. Average Net Investment | | | | | | | | | | | | | |
| 52. Net Return | | | | | | | | | | | | | |
| 53. Rate of Return | | | | | | | | | | | | | |
| 54. FCC Ordered Refund | | | | | | | | | | | | | |
| 55. Net Return Including FCC Refund | | | | | | | | | | | | | |
| 56. Rate of Return (including refund) | | | | | | | | | | | | | |
| 57. Universal Service Fund | | | | | | | | | | | | | |

DEMAND ANALYSIS TABLE

MONTHLY DATA

| Line | | Month 1 | Month 2 | Month 3 |
|---|---|---|---|---|
| | COMMON LINE DEMAND-MOU (minutes in thousands) | | | |
| | Premium: | | | |
| 1 | Originating | | | |
| 2 | Terminating | | | |
| | Non-Premium: | | | |
| 3 | Originating | | | |
| 4 | Terminating | | | |
| | SWITCHED TRAFFIC SENSITIVE DEMAND-MOU (minutes in thousands) | | | |
| 5 | Premium | | | |
| 6 | Non-Premium | | | |

QUARTERLY DATA

| Line | | |
|---|---|---|
| | COMMON LINE DEMAND (minutes in thousands) | |
| | Carrier Common Line: | |
| 7 | Originating | |
| 8 | Terminating | |
| 9 | Single Line Business C. P. T. | |
| 10 | Residence CPT Lifeline | |
| 11 | Residence CPT Non-Lifeline | |
| 12 | Multiline Business | |
| 13 | Centrex Co and CTX Like Lines | |
| 14 | Special Access Lines Subject to Surcharge | |
| 15 | Total Access Lines | |

ATTESTING
OFFICER________________________________ CONTACT___________________________ TEL___________________

# LINE ITEM DESCRIPTIONS

Line Item Description

**Revenues**

1. Network Access - The total of accounts 5081 through 5084.
2. Local Network Services - The total of accounts 5001 through 5069.
3. Toll Network Services - The total of accounts 5100, 5111, 5112 and 5121 through 5169.
4. Miscellaneous - The total of accounts 5230 through 5250, 5261 through 5270, 7110 and 7140.
5. Allowance for Funds Used During Construction (AFUDC) - Account 7340.
6. Uncollectibles - The total of accounts 5301 and 5302.
7. Net Revenues - The total of lines 1 through 5, less line 6.

**Expenses**

8. Plant Specific - The total of accounts 6112 through 6116, 6121 through 6124, 6211 through 6220, 6231, 6232, 6311 through 6362, and 6411 through 6441.
9. Plant Non-Specific less Depreciation - The total of accounts 6511, 6512, and 6531 through 6535.
10. Marketing - The total of accounts 6611 through 6613.
11. Customer Operations Services - The total of accounts 6621 through 6623.
12. Access - Account 6540.
13. Corporate Operations - The total of accounts 6711, 6712, and 6721 through 6728 and 6790.
14. Extraordinary Items - The total of applicable portions of accounts 7370, 7610, 7620, 7630 and 7640.
15. FCC Expense Adjustment - This shall contain the net of: (1) expense and other tax items not included in Lines 8 through 14, 17, 19 and 20 which the Commission has expressly allowed for ratemaking purposes; and (2) expense and other tax items included in lines 8 through 14, 17, 19 and 20 which the Commission has expressly excluded for ratemaking purposes.
16. Subtotal - The total of lines 8 through 15.
17. Depreciation/Amortization - The total of accounts 6561 through 6565.
18. Total Expenses - The total of lines 16 and 17.

**Other Taxes**

19. State and Local Income - The total of accounts 7230 and a portion of 7250.
20. Other State and Local - The total of accounts 7240 and a portion of 7250.
21. Subtotal - The total of lines 19 and 20.

**Federal Income Taxes**

Fixed charges - the total of accounts 7510 through 7540.
IRS Income Adjustment - this is the difference between taxable income reported for IRS purposes and the taxable income shown in accordance with the USOA.
FCC Taxable Income Adjustment - This shall contain the net of: (1) taxable income not included above, (i. e., line 7 plus line 23 less lines 18, 21 and 22), which the Commission has expressly allowed for ratemaking purposes; and (2), taxable income included above, which the Commission expressly excluded for ratemaking purposes.
Investment Tax Credit Amortization - Account 7210.
FCC Investment Tax Credit Adjustment - This shall contain the net of: (1) ITC not included in line 25 which the Commission has expressly allowed for ratemaking purposes; and (2), the ITC included in line 25, which the Commission expressly excluded for ratemaking purposes.
Federal Income Tax and Deferred Operating Income Taxes-Net - The total of accounts 7220 and FIT portions of accounts 7250, 7630 and 7640, adjusted for ratemaking purposes. It should be determined by applying the applicable federal income tax rate to the adjusted taxable income (i.e., line 7 plus lines 23 and 24 less lines 18, 21, and 22 ) less lines 25 and 26.

**Plant-in-Service**

General Support Plant - The total of accounts 2111 through 2124.
Central Office Equipment-Switching - The total of accounts 2211 through 2215 and 2220.
Central Office Equipment-Transmission - The total of accounts 2231 and 2232.
Cable and Wire Facilities - The total of accounts 2411 through 2441.
Information Origination/Termination Equipment - The total of accounts 2311 through 2362.
Amortizable Assets - The total of accounts 2681, 2682 and 2690.
Total Plant - The total of lines 28 through 33.

**Other Investments**

Property Held for Future Telecommunications Use - Account 2002.
Telecommunications Plant Under Construction-Short Term - Account 2003.
Plant (Acquisition) Adjustment - Account 2005.
Other Deferred Charges - Account 1439.
Material and Supplies - Account 1220.
Cash Working Capital -Accounts 1130 through 1160.
FCC Investment Adjustment - this shall contain the net of: (1) investment items not included on lines 28 through 33 and 35 through 40 which the Commission has expressly allowed for ratemaking purposes; and (2) investment items included on lines 28 through 33 and 35 through 40 which the Commission has expressly excluded for ratemaking purposes.
Total Other Investments - The total of lines 35 through 41.

**Reserves**

43. Accumulated Depreciation - Accounts 3100 and 3200.
44. Accumulated Amortiziation - The total of accounts 3410, 3420, 3500 and 3600.
45. Deferred Operating Income Taxes - The total of accounts 4100 and 4340.
46. Customer Deposits - Account 4040.
47. FCC Reserve Adjustment - this shall contain the net of: (1) reserve items not included on lines 43 through 46 which the Commission has expressly allowed for ratemaking purposes; and (2) reserve items included on Lines 43 through 46 which the Commission has expressly excluded for ratemaking purposes.
48. Total Investment Deductions - The total of lines 43 through 47.

**Return Data**

49. Beginning Net Investment - Line 50, as demonstrated on this chart, for the previous reporting period.
50. Ending Net Investment - The total of lines 34 and 42 less line 48.
51. Average Net Investment - Line 49 plus line 50 divided by 2.
52. Net Return - For the BOCs this amount is line 7 less lines 5, 18, 21 and 27. For the other LECs this amount is line 7 less lines 18, 21 and 27.
53. Rate of Return - Line 52 divided by line 51, multiplied by 4.
54. FCC Ordered Refund - The refund should be developed in accordance with Docket 84-800, Phase II.
55. Net Return Including FCC Refund - The total of lines 52 and 54.
56. Rate of Return Including Refund - Line 55 divided by line 51, multiplied by 4.
57. Universal Service Fund - Carriers with higher than average non-traffic-sensitive loop costs must report their interstate allocation, as reported to NECA for this reporting period, on this line.

## COLUMN DESCRIPTIONS

| Column | Description |
|---|---|
| b. | Total - This amount represents the operating results for each of the accounts itemized in this report, and includes all regulated and nonregulated company operations for each line item. These amounts are represented prior to separation between state and interstate jurisdictions. |
| c. | Nonregulated - This amount represents adjustments made to each item in compliance with Docket 86-111 for each line item. |
| d. | Other Adjustments - This amount represents adjustments made to each item for reasons not associated with Docket 86-111 compliance, such as costs relative to shared network facility arrangements & intra-company subsidiary contracts. |
| e. | Subject to Separation - This amount represents that portion of each account which must be allocated between state and interstate jurisdictions (column b less columns c and d). |
| f. | State - This amount represents that portion of each account that is allocated to the state jurisdiction for which this schedule is being filed, pursuant to Part 36 of our Rules. |
| g. | Interstate - This amount represents that portion of each line item allocated to the interstate jurisdiction for which this schedule is being filed, pursuant to Part 36 of our Rules. |
| h. | Common Line - This amount represents that portion of each line item applicable to the total of end user common line charges and carrier common line charges. An end user common line charge is assessed upon end users who subscribe to local exchange telephone service, Centrex or semi-public coin telephone service to the extent that they do not pay carrier common line charges. A carrier common line charge is assessed upon all interexchange carriers who use local exchange common line facilities for the provision of interstate or foreign telecommunications services. |
| i. | Switch - This amount represents that portion of each line item applicable to local switching charges which are assessed upon all interexchange carriers who use local exchange switching facilities for the provision of interstate or foreign services. |

j. <u>Transport</u> - This amount represents that portion of each line item applicable to charges assessed upon all interexchange carriers who use switching or transport facilities that are apportioned to the Transport element or elements for purposes of apportioning net investment.

k. <u>Information</u> - This amount represents that portion of each line item applicable to charges assessed upon all interexchange carriers who are connected to assistance boards through interexchange directory assistance trunks.

l. <u>Special Access</u> - This amount represents that portion of each line item applicable to the total of all sub-elements that have been established for the use of equipment or facilities assigned to the Special Access element for purposes of apportioning net investment.

m. <u>Total Access</u> - This amount is the total of columns h through l.

n. <u>Non-Access</u> - This amount is column g less column m.

## DEMAND ANALYSIS TABLE

### DEFINITIONS

Originating minutes of use (MOU) is a measurement of traffic on originating MTS and MTS-like common lines.

Terminating MOU is a measurement of traffic on terminating MTS and MTS-like, originating 800, terminating outWATS, originating open-end-FX and terminating open-end-FX common lines.

Premium carrier common line (CCL) MOU is a measurement of Feature Group A (FGA) and Feature Group B (FGB) traffic originating from or terminating at offices converted to equal access, plus all Feature Group C (FGC), Feature Group D (FGD), and interstate/intralata MOU, excluding closed-end WATS and WATS type MOU.

Non-Premium CCL MOU is a measurement of FGA and FGB access MOU originating and/or terminating at offices not converted to equal access.

The first six lines of this table should contain monthly details of quarterly data. Lines 7 through 14 should be reported quarterly.

### QUARTERLY REPORTING WITH MONTHLY DETAILS

| Line | DESCRIPTION |
|---|---|
| 1. | Originating Premium CCL MOU is the result of dividing the originating premium CCL revenue reported to the pool by the originating premium CCL rate. |
| 2. | Terminating Premium CCL MOU is the result of dividing the terminating premium CCL revenue reported to the pool by the terminating premium CCL rate. |
| 3. | Originating Non-Premium CCL MOU is the result of dividing the originating Non-Premium CCL revenues reported to the pool by the product of the originating premium rate and .45. |
| 4. | Terminating Non-Premium CCL MOU is the result of dividing the terminating Non-Premium CCL revenues reported to the pool by the product of the terminating premium CCL rate and .45. |
| 5. | Total premium traffic sensitive MOU is the result of dividing adjusted premium line termination revenues by the line termination rate. |

| Line | DESCRIPTION |
|---|---|
| 6. | Total Non-Premium traffic sensitive MOU is the result of dividing the adjusted Non-Premium traffic sensitive line termination revenues by the product of the line termination rate and .45. |

QUARTERLY DATA

| | |
|---|---|
| 7. | Carrier common line chargeable originating minutes of use. |
| 8. | Carrier common line chargeable terminating minutes of use. |
| 9. | Single line business customer premises terminations (CPTs) subject to the single line business interstate subscriber line charge, excluding company official, mobile radiotelephone and public telephone. CPTs are commonly referred to as "main station equivalents" or "billable units". A CPT is a line termination at the customer premises, rather than at the central office. |
| 10. | Residence lifeline CPTs for which the interstate subscriber line charge is reduced or waived. The decision to implement a lifeline plan is left to the individual state commission. |
| 11. | Residence non-lifeline CPTs subject to the residence interstate subscriber line charge, excluding lifeline CPTs. |
| 12. | Multiline business CPTs subject to the multiline business interstate subscriber line charge including multiline semi-public lines, PBX trunks, Centrex CU trunks, hotel/motel LD trunks and Centrex CO lines ordered after 7/27/83. |
| 13. | Centrex CO and CTX CO-like lines in service or ordered as of 7/27/83. |
| 14. | Special access lines subject to a $25 surcharge, including WATS lines, as appropriate, after June 1, 1986. |
| 15. | Total access lines is the sum of lines 9 through 14. |

## SUMMARY

This appendix lists the company level USOA data which must be provided annually. It illustrates the general form of the data; however, more detailed specifications will be provided at a later date. A line item is provided for each of the USOA accounts. All amounts must be rounded to the nearest thousand dollars.

Company________________________For the Period________________________________

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| | | **INCOME STATEMENT ACCOUNTS** | |
| | | Local Network Service Revenues | |
| 1 | 5000 | Basic Local Service Revenue | |
| 2 | 5001 | Basic Area Revenue | |
| 3 | 5002 | Optional Extended Area Revenue | |
| 4 | 5003 | Cellular Mobile Revenue | |
| 5 | 5004 | Other Mobile Services Revenue | |
| 6 | 5010 | Public Telephone Revenue | |
| 7 | 5040 | Local Private Line Revenue | |
| 8 | 5050 | Customer Premises Revenue | |
| 9 | 5060 | Other Local Exchange Revenue | |
| 10 | 5069 | Other Local Exchange Revenue Settlements | |
| | | Network Access Services Revenues | |
| 11 | 5080 | Network Access Revenue | |
| 12 | 5081 | End User Revenue | |
| 13 | 5082 | Switched Access Revenue | |
| 14 | 5083 | Special Access Revenue | |
| 15 | 5084 | State Access Revenue | |
| | | Long Distance Network Services Revenues | |
| 16 | 5100 | Long Distance Message Revenue | |
| 17 | 5110 | Unidirectional Long Distance Revenue | |
| 18 | 5111 | Long Distance Inward-Only Revenue | |
| 19 | 5112 | Long Distance Outward-Only Revenue | |
| 20 | 5120 | Long Distance Private Network Revenue | |
| 21 | 5121 | Subvoice Grade Long Distance Private Network Revenue | |
| 22 | 5122 | Voice Grade Long Distance Private Network Revenue | |
| 23 | 5123 | Audio Program Grade Long Distance Private Network Revenue | |
| 24 | 5124 | Video Program Grade Long Distance Private Network Revenue | |
| 25 | 5125 | Digital Transmission Long Distance Private Network Revenue | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| 26 | 5126 | Long Distance Private Network Switching Revenue | |
| 27 | 5128 | Other Long Distance Private Network Revenue | |
| 28 | 5129 | Other Long Distance Private Network Revenue Settlements | |
| 29 | 5160 | Other Long Distance Revenue | |
| 30 | 5169 | Other Long Distance Revenue Settlements | |
| | | **Miscellaneous Revenues** | |
| 31 | 5230 | Directory Revenue | |
| 32 | 5240 | Rent Revenue | |
| 33 | 5250 | Corporate Operations Revenue | |
| 34 | 5260 | Miscellaneous Revenue | |
| 35 | 5261 | Special Billing Arrangements Revenue | |
| 36 | 5262 | Customer Operations Revenue | |
| 37 | 5263 | Plant Operations Revenue | |
| 38 | 5264 | Other Incidental Regulated Revenue | |
| 39 | 5269 | Other Revenue Settlements | |
| 40 | 5270 | Carrier Billing and Collection Revenue | |
| | | **Uncollectible Revenues** | |
| 41 | 5300 | Uncollectible Revenues | |
| 42 | 5301 | Uncollectible Revenue - Telecommunications | |
| 43 | 5302 | Uncollectible Revenue - Other | |
| | | **Plant Specific Operations Expense** | |
| 44 | 6110 | Network Support Expense | |
| 45 | 6112 | Motor Vehicle Expense | |
| 46 | 6113 | Aircraft Expense | |
| 47 | 6114 | Special Purpose Vehicles Expense | |
| 48 | 6115 | Garage Work Equipment Expense | |
| 49 | 6116 | Other Work Equipment Expense | |
| 50 | 6120 | General Support Expenses | |
| 51 | 6121 | Land and Building Expenses | |
| 52 | 6122 | Furniture and Artworks Expense | |
| 53 | 6123 | Office Equipment Expense | |
| 54 | 6124 | General Purpose Computers Expense | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| 55 | 6210 | Central Office Switching Expense | |
| 56 | 6211 | Analog Electronic Expense | |
| 57 | 6212 | Digital Electronic Expense | |
| 58 | 6215 | Electro-Mechanical Expense | |
| 59 | 6220 | Operators System Expense | |
| 60 | 6223 | Central Office Transmissions Expense | |
| 61 | 6231 | Radio Systems Expense | |
| 62 | 6232 | Circuit Equipment Expense | |
| 63 | 6310 | Information Origination/Termination Expense | |
| 64 | 6311 | Station Apparatus Expense | |
| 65 | 6341 | Large Private Branch Exchange Expense | |
| 66 | 6351 | Public Telephone Terminal Equipment Expense | |
| 67 | 6362 | Other Terminal Equipment Expense | |
| 68 | 6410 | Cable and Wire Facilities Expense | |
| 69 | 6411 | Poles Expense | |
| 70 | 6421 | Aerial Cable Expense | |
| 71 | 6422 | Underground Cable Expense | |
| 72 | 6423 | Buried Cable Expense | |
| 73 | 6424 | Submarine Cable Expense | |
| 74 | 6425 | Deep Sea Cable Expense | |
| 75 | 6426 | Intrabuilding Network Cable Expense | |
| 76 | 6431 | Aerial Wire Expense | |
| 77 | 6441 | Conduit Systems Expense | |
| | | **Plant Nonspecific Operations Expense** | |
| 78 | 6510 | Other Property Plant and Equipment Expenses | |
| 79 | 6511 | Property Held for Future Telecommunications Use Expense | |
| 80 | 6512 | Provisioning Expense | |
| 81 | 6530 | Network Operations Expense | |
| 82 | 6531 | Power Expense | |
| 83 | 6532 | Network Administration Expense | |
| 84 | 6533 | Testing Expense | |
| 85 | 6534 | Plant Operations Administration Expense | |
| 86 | 6535 | Engineering Expense | |
| 87 | 6540 | Access Expense | |
| 88 | 6560 | Depreciation and Amortization Expenses | |
| 89 | 6561 | Depreciation Expense - Telecommunications Plant In Service | |
| 90 | 6562 | Depreciation Expense - Property Held For Future Telecommunications Use | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| 91 | 6563 | Amortization Expense - Tangible | |
| 92 | 6564 | Amortization Expense - Intangible | |
| 93 | 6565 | Amortization Expense - Other | |
| | | **Customer Operations Expense** | |
| 94 | 6610 | Marketing | |
| 95 | 6611 | Product Management | |
| 96 | 6612 | Sales | |
| 97 | 6613 | Product Advertising | |
| 98 | 6620 | Services | |
| 99 | 6621 | Call Completion Services | |
| 100 | 6622 | Number Services | |
| 101 | 6623 | Customer Services | |
| | | **Corporate Operations Expense** | |
| 102 | 6710 | Executive and Planning | |
| 103 | 6711 | Executive | |
| 104 | 6712 | Planning | |
| 105 | 6720 | General and Administrative | |
| 106 | 6721 | Accounting and Finance | |
| 107 | 6722 | External Relations | |
| 108 | 6723 | Human Resources | |
| 109 | 6724 | Information Management | |
| 110 | 6725 | Legal | |
| 111 | 6726 | Procurement | |
| 112 | 6727 | Research and Development | |
| 113 | 6728 | Other General and Administrative | |
| 114 | 6790 | Provision for Uncollectible Notes Receivable | |
| | | **Other Operating Income and Expense** | |
| 115 | 7100 | Other Operating Income and Expense | |
| 116 | 7110 | Income from Custom Work | |
| 117 | 7130 | Return from Nonregulated Use of Regulated Facilities | |
| 118 | 7140 | Gains and Losses from Foreign Exchange | |
| 119 | 7150 | Gains or Losses from Disposition of Land and Artwork | |
| 120 | 7160 | Other Operating Gains and Losses | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| | | **Operating Taxes** | |
| 121 | 7200 | Operating Taxes | |
| 122 | 7210 | Operating Investment Tax Credits - Net | |
| 123 | 7220 | Operating Federal Income Taxes | |
| 124 | 7230 | Operating State and Local Income Taxes | |
| 125 | 7240 | Operating Other Taxes | |
| 126 | 7250 | Provision for Deferred Operating Income Taxes - Net | |
| | | **Nonoperating Income and Expense** | |
| 127 | 7300 | Nonoperating Income and Expense | |
| 128 | 7310 | Dividend Income | |
| 129 | 7320 | Interest Income | |
| 130 | 7330 | Income from Sinking and Other Funds | |
| 131 | 7340 | Allowance for Funds Used During Construction | |
| 132 | 7350 | Gains or Losses from the Disposition of Certain Propery | |
| 133 | 7360 | Other Nonoperating Income | |
| 134 | 7370 | Special Charges | |
| | | **Nonoperating Taxes** | |
| 135 | 7400 | Nonoperating Taxes | |
| 136 | 7410 | Nonoperating Investment Tax Credits - Net | |
| 137 | 7420 | Nonoperating Federal Income Taxes | |
| 138 | 7430 | Nonoperating State and Local Income Taxes | |
| 139 | 7440 | Nonoperating Other Taxes | |
| 140 | 7450 | Provision for Deferred Nonoperating Income Taxes - Net | |
| | | **Interest and Related Items** | |
| 141 | 7500 | Interest and Related Items | |
| 142 | 7510 | Interest on Funded Debt | |
| 143 | 7520 | Interest Expense - Capital Leases | |
| 144 | 7530 | Amortization of Debt Issuance Expense | |
| 145 | 7540 | Other Interest Deductions | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| | | **Extraordinary Items** | |
| 146 | 7600 | Extraordinary Items | |
| 147 | 7610 | Extraordinary Income Credits | |
| 148 | 7620 | Extraordinary Income Charges | |
| 149 | 7630 | Current Income Tax Effect of Extraordinary Items - Net | |
| 150 | 7640 | Provision for Deferred Income Tax Effect of Extraordinary Items - Net | |
| | | **Jurisdictional Differences and Nonregulated Income Items** | |
| 151 | 7910 | Income Effect of Jurisdictional Ratemaking Differences - Net | |
| 152 | 7990 | Nonregulated Net Income | |
| | | **BALANCE SHEET ACCOUNTS** | |
| | | **Current Assets** | |
| 153 | 1130 | Cash | |
| 154 | 1140 | Special Cash Deposits | |
| 155 | 1150 | Working Cash Advances | |
| 156 | 1160 | Temporary Investments | |
| 157 | 1180 | Telecommunications Accounts Receivable | |
| 158 | 1181 | Accounts Receivable Allowance - Telecommunications | |
| 159 | 1190 | Other Accounts Receivable | |
| 160 | 1191 | Accounts Receivable Allowance - Other | |
| 161 | 1200 | Notes Receivable | |
| 162 | 1201 | Notes Receivable Allowance | |
| 163 | 1210 | Interest and Dividends Receivable | |
| 164 | 1220 | Material and Supplies | |
| 165 | 1290 | Prepaid Rents | |
| 166 | 1300 | Prepaid Taxes | |
| 167 | 1310 | Prepaid Insurance | |
| 168 | 1320 | Prepaid Directory Expense | |
| 169 | 1330 | Other Prepayments | |
| 170 | 1350 | Other Current Assets | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| | | **Noncurrent Assets** | |
| 171 | 1401 | Investment in Affiliated Companies | |
| 172 | 1402 | Investment in Nonaffiliated Companies | |
| 173 | 1406 | Nonregulated Investments | |
| 174 | 1407 | Unamortized Debt Issuance Expense | |
| 175 | 1408 | Sinking Funds | |
| 176 | 1410 | Other Noncurrent Assets | |
| 177 | 1438 | Deferred Maintenance and Retirements | |
| 178 | 1439 | Deferred Charges | |
| 179 | 1500 | Other Jurisdictional Assets - Net | |
| | | **Regulated Plant** | |
| 180 | 2001 | Telecommunications Plant in Service | |
| 181 | 2002 | Property Held for Future Telecommunications Use | |
| 182 | 2003 | Telecommunications Plant Under Construction - Short Term | |
| 183 | 2004 | Telecommunications Plant Under Construction - Long Term | |
| 184 | 2005 | Telecommunications Plant Adjustment | |
| 185 | 2006 | Nonoperating Plant | |
| 186 | 2007 | Goodwill | |
| | | **Telecommunications Plant In Service** | |
| 187 | 2111 | Land | |
| 188 | 2112 | Motor Vehicles | |
| 189 | 2113 | Aircraft | |
| 190 | 2114 | Special Purpose Vehicles | |
| 191 | 2115 | Garage Work Equipment | |
| 192 | 2116 | Other Work Equipment | |
| 193 | 2121 | Buildings | |
| 194 | 2122 | Furniture | |
| 195 | 2123 | Office Equipment | |
| 196 | 2124 | General Purpose Computers | |
| 197 | 2211 | Analog Electronic Switching | |
| 198 | 2212 | Digital Electronic Switching | |
| 199 | 2215 | Electro-Mechanical Switching | |
| 200 | 2220 | Operator Systems | |
| 201 | 2231 | Radio Systems | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| 202 | 2232 | Circuit Equipment | |
| 203 | 2311 | Station Apparatus | |
| 204 | 2321 | Customer Premises Wiring | |
| 205 | 2341 | Large Private Branch Exchanges | |
| 206 | 2351 | Public Telephone Terminal Equipment | |
| 207 | 2362 | Other Terminal Equipment | |
| 208 | 2411 | Poles | |
| 209 | 2421 | Aerial Cable | |
| 210 | 2422 | Underground Cable | |
| 211 | 2423 | Buried Cable | |
| 212 | 2424 | Submarine Cable | |
| 213 | 2425 | Deep Sea Cable | |
| 214 | 2426 | Intrabuilding Network Cable | |
| 215 | 2431 | Aerial Wire | |
| 216 | 2441 | Conduit Systems | |
| 217 | 2681 | Capital Leases | |
| 218 | 2682 | Leasehold Improvements | |
| 219 | 2690 | Intangibles | |
| | | **Depreciation and Amortization** | |
| 220 | 3100 | Accumulated Depreciation | |
| 221 | 3200 | Accumulated Depreciation - Held for Future Telecommunications Use | |
| 222 | 3300 | Accumulated Depreciation - Nonoperating | |
| 223 | 3410 | Accumulated Amortization - Capitalized Leases | |
| 224 | 3420 | Accumulated Amortization - Leasehold Improvements | |
| 225 | 3500 | Accumulated Amortization - Intangible | |
| 226 | 3600 | Accumulated Amortization - Other | |
| | | **Current Liabilities** | |
| 227 | 4010 | Accounts Payable | |
| 228 | 4020 | Notes Payable | |
| 229 | 4030 | Advance Billing and Payments | |
| 230 | 4040 | Customer Deposits | |
| 231 | 4050 | Current Maturities - Long-Term Debt | |
| 232 | 4060 | Current Maturities - Capital Leases | |
| 233 | 4070 | Income Taxes - Accrued | |
| 234 | 4080 | Other Taxes - Accrued | |
| 235 | 4100 | Net Current Deferred Operating Income Taxes | |

| Line | No. | Account | Amount ($ thousands) |
|---|---|---|---|
| 236 | 4110 | Net Current Deferred Nonoperating Income Taxes | |
| 237 | 4120 | Other Accrued Liabilities | |
| 238 | 4130 | Other Current Liabilities | |
| | | **Long-Term Debt** | |
| 239 | 4210 | Funded Debt | |
| 240 | 4220 | Permium on Long-Term Debt | |
| 241 | 4230 | Discount on Long-Term Debt | |
| 242 | 4240 | Reacquired Debt | |
| 243 | 4250 | Obligations Under Capital Leases | |
| 244 | 4260 | Advances From Affiliated Companies | |
| 245 | 4270 | Other Long-Term Debt | |
| | | **Other Liabiliaties and Deferred Credits** | |
| 246 | 4310 | Other Long-Term Liabilities | |
| 247 | 4320 | Unamortized Operating Investment Tax Credits - Net | |
| 248 | 4330 | Unamortized Nonoperating Investment Tax Credits - Net | |
| 249 | 4340 | Net Noncurrent Deferred Operating Income Taxes | |
| 250 | 4350 | Net Noncurrent Deferred Nonoperating Income Taxes | |
| 251 | 4360 | Other Deferred Credits | |
| 252 | 4370 | Other Jurisdictional Liabilities and Deferred Credits - Net | |
| | | **Stockholders' Equity** | |
| 253 | 4510 | Capital Stock | |
| 254 | 4520 | Additional Paid-in Capital | |
| 255 | 4530 | Treasury Stock | |
| 256 | 4540 | Other Capital | |
| 257 | 4550 | Retained Earnings | |

ATTESTING
OFFICER________________________CONTACT_____________________TEL____________

## SUMMARY

This appendix lists the annual revenue requirement and joint cost data which must be provided for each study area. Pages 2 through 6 illustrate the general form of the data; however, more detailed specifications will be provided at a later date. For the most part, line items correspond to USOA accounts. For these items account numbers are shown and no description is provided here, since the accounts are described in Part 32 of our Rules. For lines in which account numbers are not shown, the entries should be made as described on pages 7 through 9. All column entries are described on page 10. All amounts must be rounded to the nearest thousand dollars.

Carrier__________________ Study Area__________________ For the Period__________________

| Line | Account No. (a) | Total (b) | Solely Assigned Reg (c) | Solely Assigned Nonreg (d) | Allocated Reg (e) | Allocated Nonreg (f) | Total Reg (g) | Total Nonreg (h) | Adjustments (i) | Subject to Separation (j) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| **Network Access Services Revenues** | | | | | | | | | | |
| 1. | 5081 | | | | | | | | | |
| 2. | 5082 | | | | | | | | | |
| 3. | 5083 | | | | | | | | | |
| 4. | 5084 | | | | | | | | | |
| **Local Network Services Revenues** | | | | | | | | | | |
| 5. | 5001 | | | | | | | | | |
| 6. | 5002 | | | | | | | | | |
| 7. | 5003 | | | | | | | | | |
| 8. | 5004 | | | | | | | | | |
| 9. | 5010 | | | | | | | | | |
| 10. | 5040 | | | | | | | | | |
| 11. | 5060 | | | | | | | | | |
| 12. | 5069 | | | | | | | | | |
| **Toll Network Services Revenues** | | | | | | | | | | |
| 13. | 5100 | | | | | | | | | |
| 14. | 5110 | | | | | | | | | |
| 15. | 5111 | | | | | | | | | |
| 16. | 5112 | | | | | | | | | |
| 17. | 5120 | | | | | | | | | |
| 18. | 5121 | | | | | | | | | |
| 19. | 5122 | | | | | | | | | |
| 20. | 5123 | | | | | | | | | |
| 21. | 5124 | | | | | | | | | |
| 22. | 5125 | | | | | | | | | |
| 23. | 5126 | | | | | | | | | |
| 24. | 5128 | | | | | | | | | |
| 25. | 5129 | | | | | | | | | |
| 26. | 5160 | | | | | | | | | |
| 27. | 5169 | | | | | | | | | |
| **Miscellaneous Revenues** | | | | | | | | | | |
| 28. | 5230 | | | | | | | | | |
| 29. | 5240 | | | | | | | | | |
| 30. | 5250 | | | | | | | | | |
| 31. | 5261 | | | | | | | | | |
| 32. | 5262 | | | | | | | | | |
| 33. | 5263 | | | | | | | | | |
| 34. | 5264 | | | | | | | | | |
| 35. | 5269 | | | | | | | | | |
| 36. | 5270 | | | | | | | | | |
| 37. | 7110 | | | | | | | | | |
| 38. | 7140 | | | | | | | | | |
| **Allowance for Funds Used During Construction** | | | | | | | | | | |
| 39. | 7340 | | | | | | | | | |
| **Uncollectible Revenues** | | | | | | | | | | |
| 40. | 5301 | | | | | | | | | |
| 41. | 5302 | | | | | | | | | |
| 42. | **Net Revenues** | | | | | | | | | |
| **Expenses** | | | | | | | | | | |
| **Plant Specific** | | | | | | | | | | |
| 43. | 6112 | | | | | | | | | |
| 44. | 6113 | | | | | | | | | |
| 45. | 6114 | | | | | | | | | |
| 46. | 6115 | | | | | | | | | |
| 47. | 6116 | | | | | | | | | |
| 48. | 6121 | | | | | | | | | |
| 49. | 6122 | | | | | | | | | |
| 50. | 6123 | | | | | | | | | |
| 51. | 6124 | | | | | | | | | |
| 52. | 6211 | | | | | | | | | |
| 53. | 6212 | | | | | | | | | |
| 54. | 6215 | | | | | | | | | |
| 55. | 6220 | | | | | | | | | |
| 56. | 6231 | | | | | | | | | |
| 57. | 6232 | | | | | | | | | |
| 58. | 6311 | | | | | | | | | |
| 59. | 6341 | | | | | | | | | |
| 60. | 6351 | | | | | | | | | |

| Line | Account (a) | Total (b) | Solely Assigned Reg (c) | Solely Assigned Nonreg (d) | Allocated Reg (e) | Allocated Nonreg (f) | Total Reg (g) | Total Nonreg (h) | Adjustments (i) | Subject to Separation (j) |
|---|---|---|---|---|---|---|---|---|---|---|
| 61. | 6362 | | | | | | | | | |
| 62. | 6411 | | | | | | | | | |
| 63. | 6421 | | | | | | | | | |
| 64. | 6422 | | | | | | | | | |
| 65. | 6423 | | | | | | | | | |
| 66. | 6424 | | | | | | | | | |
| 67. | 6425 | | | | | | | | | |
| 68. | 6426 | | | | | | | | | |
| 69. | 6431 | | | | | | | | | |
| 70. | 6441 | | | | | | | | | |
| **Plant Non-Specific less Depreciation** | | | | | | | | | | |
| 71. | 6511 | | | | | | | | | |
| 72. | 6512 | | | | | | | | | |
| 73. | 6531 | | | | | | | | | |
| 74. | 6532 | | | | | | | | | |
| 75. | 6533 | | | | | | | | | |
| 76. | 6534 | | | | | | | | | |
| 77. | 6535 | | | | | | | | | |
| **Marketing** | | | | | | | | | | |
| 78. | 6611 | | | | | | | | | |
| 79. | 6612 | | | | | | | | | |
| 80. | 6613 | | | | | | | | | |
| **Customer Operations Services** | | | | | | | | | | |
| 81. | 6621 | | | | | | | | | |
| 82. | 6622 | | | | | | | | | |
| 83. | 6623 | | | | | | | | | |
| **Access** | | | | | | | | | | |
| 84. | 6540 | | | | | | | | | |
| **Corporate Operations** | | | | | | | | | | |
| 85. | 6711 | | | | | | | | | |
| 86. | 6712 | | | | | | | | | |
| 87. | 6721 | | | | | | | | | |
| 88. | 6722 | | | | | | | | | |
| 89. | 6723 | | | | | | | | | |
| 90. | 6724 | | | | | | | | | |
| 91. | 6725 | | | | | | | | | |
| 92. | 6726 | | | | | | | | | |
| 93. | 6727 | | | | | | | | | |
| 94. | 6728 | | | | | | | | | |
| 95. | 6790 | | | | | | | | | |
| **Extraordinary Items** | | | | | | | | | | |
| 96. | 7370 | | | | | | | | | |
| 97. | 7610 | | | | | | | | | |
| 98. | 7620 | | | | | | | | | |
| 99. | 7630 | | | | | | | | | |
| 100. | 7640 | | | | | | | | | |
| 101. | FCC Expense Adjustment | | | | | | | | | |
| 102. | **Subtotal** | | | | | | | | | |
| **Depreciation/Amortization** | | | | | | | | | | |
| 103. | 6561 | | | | | | | | | |
| 104. | 6562 | | | | | | | | | |
| 105. | 6563 | | | | | | | | | |
| 106. | 6564 | | | | | | | | | |
| 107. | 6565 | | | | | | | | | |
| 108. | **Total Expenses** | | | | | | | | | |

| Line | Account (a) | Total (b) | Solely Assigned Reg (c) | Solely Assigned Nonreg (d) | Allocated Reg (e) | Allocated Nonreg (f) | Total Reg (g) | Total Nonreg (h) | Adjustments (i) | Subject to Separation (j) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Other Taxes** | | | | | | | | | | |
| **State and Local Income** | | | | | | | | | | |
| 109. | 7230 | | | | | | | | | |
| 110. | 7250 | | | | | | | | | |
| **Other State and Local** | | | | | | | | | | |
| 111. | 7240 | | | | | | | | | |
| 112. | 7250 | | | | | | | | | |
| 113. | **Total Other Taxes** | | | | | | | | | |
| **FIT** | | | | | | | | | | |
| **Fixed Charges** | | | | | | | | | | |
| 114. | 7510 | | | | | | | | | |
| 115. | 7520 | | | | | | | | | |
| 116. | 7530 | | | | | | | | | |
| 117. | 7540 | | | | | | | | | |
| **Other Income Adjustments** | | | | | | | | | | |
| 118. | IRS Income Adjustment | | | | | | | | | |
| 119. | FCC Income Adjustment | | | | | | | | | |
| **ITC** | | | | | | | | | | |
| 120. | 7210 | | | | | | | | | |
| 121. | FCC ITC Adjustment | | | | | | | | | |
| **Federal Income Tax and Deferred Operating Income Taxes** | | | | | | | | | | |
| 122. | 7220 | | | | | | | | | |
| 123. | 7250 | | | | | | | | | |
| 124. | 7630 | | | | | | | | | |
| 125. | 7640 | | | | | | | | | |
| 126. | Federal Income Tax (Books) | | | | | | | | | |
| 127. | Federal Income Tax (Ratemaking) | | | | | | | | | |
| 128. | Net FIT | | | | | | | | | |
| **Plant-In-Service** | | | | | | | | | | |
| **Support Plant** | | | | | | | | | | |
| 129. | 2111 | | | | | | | | | |
| 130. | 2112 | | | | | | | | | |
| 131. | 2113 | | | | | | | | | |
| 132. | 2114 | | | | | | | | | |
| 133. | 2115 | | | | | | | | | |
| 134. | 2116 | | | | | | | | | |
| 135. | 2121 | | | | | | | | | |
| 136. | 2122 | | | | | | | | | |
| 137. | 2123 | | | | | | | | | |
| 138. | 2124 | | | | | | | | | |
| **Central Office Equipment-Switching** | | | | | | | | | | |
| 139. | 2211 | | | | | | | | | |
| 140. | 2212 | | | | | | | | | |
| 141. | 2215 | | | | | | | | | |
| 142. | 2220 | | | | | | | | | |
| **Central Office Equipment-Transmission** | | | | | | | | | | |
| 143. | 2231 | | | | | | | | | |
| 144. | 2232 | | | | | | | | | |
| **Cable and Wire Facilities** | | | | | | | | | | |
| 145. | 2411 | | | | | | | | | |
| 146. | 2421 | | | | | | | | | |
| 147. | 2422 | | | | | | | | | |
| 148. | 2423 | | | | | | | | | |
| 149. | 2424 | | | | | | | | | |
| 150. | 2425 | | | | | | | | | |
| 151. | 2426 | | | | | | | | | |

| Line | Account (a) | Total (b) | Solely Assigned Reg (c) | Solely Assigned Nonreg (d) | Allocated Reg (e) | Allocated Nonreg (f) | Total Reg (g) | Total Nonreg (h) | Adjustments (i) | Subject to Separation (j) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Information Origination/Termination Equipment** | | | | | | | | | | |
| 154. | 2311 | | | | | | | | | |
| 155. | 2321 | | | | | | | | | |
| 156. | 2341 | | | | | | | | | |
| 157. | 2351 | | | | | | | | | |
| 158. | 2362 | | | | | | | | | |
| **Amortizable Assets** | | | | | | | | | | |
| 159. | 2681 | | | | | | | | | |
| 160. | 2682 | | | | | | | | | |
| 161. | 2690 | | | | | | | | | |
| 162. | **Total Plant** | | | | | | | | | |
| **Other Investments** | | | | | | | | | | |
| **Property Held for Future Telecommunications Use** | | | | | | | | | | |
| 163. | 2002 | | | | | | | | | |
| **Telecommunications Plant Under Construction-Short Term** | | | | | | | | | | |
| 164. | 2003 | | | | | | | | | |
| **Plant (Acquisition) Adjustment** | | | | | | | | | | |
| 165. | 2005 | | | | | | | | | |
| **Other Deferred Charges** | | | | | | | | | | |
| 166. | 1439 | | | | | | | | | |
| **Material and Supplies** | | | | | | | | | | |
| 167. | 1220 | | | | | | | | | |
| **Cash Working Capital** | | | | | | | | | | |
| 168. | 1130 | | | | | | | | | |
| 169. | 1140 | | | | | | | | | |
| 170. | 1150 | | | | | | | | | |
| 171. | 1160 | | | | | | | | | |
| 172. | FCC Investment Adjustment | | | | | | | | | |
| 173. | **Total Investment** | | | | | | | | | |
| **Reserves** | | | | | | | | | | |
| **Accumulated Depreciation** | | | | | | | | | | |
| 174. | 3100 | | | | | | | | | |
| 175. | 3200 | | | | | | | | | |
| **Accumulated Amortization** | | | | | | | | | | |
| 176. | 3410 | | | | | | | | | |
| 177. | 3420 | | | | | | | | | |
| 178. | 3500 | | | | | | | | | |
| 179. | 3600 | | | | | | | | | |
| **Deferred Operating Income Taxes** | | | | | | | | | | |
| 180. | 4100 | | | | | | | | | |
| 181. | 4340 | | | | | | | | | |
| **Other Deductions** | | | | | | | | | | |
| 182. | 4040 | | | | | | | | | |
| 183. | FCC Reserve Adjustment | | | | | | | | | |
| 184. | **Total Reserve** | | | | | | | | | |

| Line | Account (a) | Total (b) | Solely Assigned Reg (c) | Solely Assigned Nonreg (d) | Allocated Reg (e) | Allocated Nonreg (f) | Total Reg (g) | Total Nonreg (h) | Adjustments (i) | Subject to Separation (j) |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Return Data** | | | | | | | | | |
| 185. | Beginning Net Investment | | | | | | | | | |
| 186. | Ending Net Investment | | | | | | | | | |
| 187. | Average Net Investment | | | | | | | | | |
| 188. | Net Return | | | | | | | | | |
| 189. | Rate of Return | | | | | | | | | |
| 190. | FCC Ordered Refund | | | | | | | | | |
| 191. | Net Return + Refund | | | | | | | | | |
| 192. | Rate of Return + Refund | | | | | | | | | |
| 193. | Universal Service Fund | | | | | | | | | |
| 194. | Access Lines | | | | | | | | | |

ATTESTING OFFICER________________________ CONTACT________________________ TEL________________

## LINE ITEM DESCRIPTIONS

| Line | Description |
|---|---|
| 42. | Net Revenues - The total of lines 1 through 39 less lines 40 and 41. |
| 101. | FCC Expense Adjustment - This shall contain the net of: (1) expense and other tax items not included in lines (43 through 100 plus 103-107 and 109-112) which the Commission has expressly allowed for ratemaking purposes; and (2) expense and other tax items included above which the Commission has expressly excluded for ratemaking purposes. |
| 102. | Subtotal - The total of lines 43 through 101. |
| 108. | Total Expenses - The total of lines 102 through 107. |
| 113. | Subtotal - The total of lines 109 through 112. |
| 118. | IRS Income Adjustment - This is the difference between taxable income reported for IRS purposes and the taxable income shown in accordance with the USOA. |
| 119. | FCC Income Adjustment - This shall contain the net of: (1) taxable income not included above, (line 42 minus lines 108, 109-112, and 114-118) which the Commission has expressly allowed for ratemaking purposes; and (2) the taxable income included above, which the Commission expressly excluded for ratemaking purposes. |
| 121. | FCC Investment Tax Credit Adjustment - This shall contain the net of: (1) ITC not included in line 120 which the Commission has expressly allowed for ratemaking purposes; and (2) the ITC included above, which the Commission expressly excluded for ratemaking purposes. |
| 123. | Note: Only the portion of account 7250 related to federal income taxes should be reported here. |
| 124. | Note: Only the portion of account 7630 related to federal income taxes should be reported here. |
| 125. | Note: Only the portion of account 7640 related to federal income taxes should be reported here. |

| Line | Description |
|---|---|
| 126. | Federal Income Tax (Books) - The total of lines 122 through 125. |
| 127. | Federal Income Tax (Ratemaking) - This should be calculated by applying the applicable federal income tax rate to the adjusted taxable income (line 42 plus lines 118 and 119 less lines 108, and 113 through 117). |
| 128. | Federal Income Tax and Deferred Operating Income Taxes-Net - Line 127 less lines 120 and 121. |
| 162. | Total Plant - The total of lines 129 through 161. |
| 172. | FCC Investment Adjustment - This shall contain the net of: (1) investment items not included on lines 162 through 171 which the Commission has expressly allowed for ratemaking purposes; and (2) investment items included above, which the Commission has expressly excluded for ratemaking purposes. |
| 173. | Total - The total of lines 162 through 172. |
| 183. | FCC Reserve Adjustment - This shall contain the net of: (1) reserve items not included on lines 174 through 182, which the Commission has expressly allowed for ratemaking purposes; and (2) reserve items included above, which the Commission has expressly excluded for ratemaking purposes. |
| 184. | Total Reserves - The total of lines 174 through 183. |
| 185. | Beginning Net Investment - Line 186, as demonstrated on this chart, for the previous reporting period. |
| 186. | Ending Net Investment - Line 173 less line 184. |
| 187. | Average Net Investment - Lines 185 and 186 divided by 2. |
| 188. | Net Return - The total of line 42 less lines 108, 113 and 128. |
| 189. | Rate of Return - Line 188 divided by 187. |
| 190. | FCC Ordered Refund - The refund should be developed in accordance with Docket 84-800, Phase I. |

| Line | Description |
|---|---|
| 191. | Net Return Including FCC Ordered Refund - The total of lines 188 and 190. |
| 192. | Rate of Return Including FCC Ordered Refund - Line 191 divided by 187. |
| 193. | Universal Service Fund - Carriers with higher than average non-traffic-sensitive loop costs must report their interstate allocation, as reported to NECA for this reporting period, on this line. |
| 194. | Access Lines - The total of the access lines for single line business CPT, residence CPT, Multiline business, Centrex CO and CTX-like lines and special access lines subject to surcharge. |

## COLUMN DESCRIPTIONS

| Column | Description |
|---|---|
| b. | Total - This amount represents the operating results for each of the accounts itemized in this report, and includes all regulated and nonregulated company operations for each line item. These amounts are represented prior to separation between state and interstate jurisdictions. |
| c. | Solely Assigned Regulated - This amount represents that portion of each account that is solely assigned to regulated operations pursuant to Docket 86-111. |
| d. | Solely Assigned Nonregulated - This amount represents that portion of each account that is solely assigned to nonregulated operations pursuant to Docket 86-111. |
| e. | Allocated Regulated - This amount represents that portion of each account that is used jointly by regulated and nonregulated operations and allocated to the regulated operation pursuant to Docket 86-111. |
| f. | Allocated Nonregulated - This amount represents that portion of each account that is used jointly by regulated and nonregulated operations and allocated to nonregulated operations pursuant to Docket 86-111. |
| g. | Total Regulated - The total of columns c and e. |
| h. | Total Nonregulated - The total of columns d and f. |
| i. | Adjustments - This amount represents adjustments made to each item for reasons not associated with Docket 86-111 compliance, such as costs relative to shared network facility arrangements and intra-company subsidiary contracts. |
| j. | Subject to Separation - This amount represents that portion of each account which must be allocated between state and interstate jurisdictions (column g less column i). |

## SUMMARY

This appendix lists the jurisdictional separations and access charge data which must be provided annually by study area. Pages 2 through 7 illustrate the form in which the data should be provided; however, more complete specifications will be provided at a later date. A line has been provided for each separations category and subcategory prescribed in Part 36 of our Rules. In addition, line items have been provided for certain allocation factors prescribed in Part 36. A column has been provided for the cost categories and access elements for which we require reporting. The line items are described on pages 8 through 35, and the columns are described on pages 36 and 37. All monetary figures must be rounded to the nearest thousand dollars.

Carrier____________________ Study Area____________________ For the Period____________________

| Line | Category (a) | Total Unseparated (b) | State (c) | Interstate (d) | Common Line (e) | Switching (f) | Local Transport (g) | Information (h) | Special Access (i) | Total Access (j) | Non-Access (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Telecommunications Plant** | | | | | | | | | | |
| 1. | General Support Facilities | | | | | | | | | | |
| | Central Office Equipment | | | | | | | | | | |
| | Category 1 - Operator Systems Equip | | | | | | | | | | |
| 2. | Separate Toll Boards | | | | | | | | | | |
| 3. | Separate Local Manual Boards | | | | | | | | | | |
| 4. | Combined Local and Manual Toll Boards | | | | | | | | | | |
| 5. | Combined Toll and DSA Boards | | | | | | | | | | |
| 6. | Separate DSA and DSB Boards | | | | | | | | | | |
| 7. | Service Observing Boards | | | | | | | | | | |
| 8. | Auxiliary Service Boards | | | | | | | | | | |
| 9. | Separate Directory Assistance Boards | | | | | | | | | | |
| 10. | Separate Intercept Boards and Auto Intercept Systems | | | | | | | | | | |
| 11. | Separate Rate and Route Boards | | | | | | | | | | |
| 12. | More Than One Auxiliary Serv | | | | | | | | | | |
| 13. | Traffic Service Positions | | | | | | | | | | |
| 14. | Operator Position Investments | | | | | | | | | | |
| 15. | Remote Trunk Arrangement | | | | | | | | | | |
| 16. | Other Equip | | | | | | | | | | |
| 17. | Total Operator Systems Equip | | | | | | | | | | |
| | Category 2 - Tandem Switching Equip | | | | | | | | | | |
| 18. | St, Directly Assigned | | | | | | | | | | |
| 19. | Interstate, Directly Assigned | | | | | | | | | | |
| 20. | Jointly Used | | | | | | | | | | |
| 21. | Total Tandem Switching Equip | | | | | | | | | | |
| | Category 3 - Local Switching Equip | | | | | | | | | | |
| 22. | St, Directly Assigned | | | | | | | | | | |
| 23. | Interstate, Directly Assigned | | | | | | | | | | |
| 24. | Jointly Used | | | | | | | | | | |
| 25. | Total Local Switching Equip | | | | | | | | | | |
| | Category 4 - Circuit Equip | | | | | | | | | | |
| | Category 4.1 - Exchange Circuit Equip | | | | | | | | | | |
| | Category 4.11 - Wideband Exchange Line Circuit Equip | | | | | | | | | | |
| 26. | St, Directly Assigned | | | | | | | | | | |
| 27. | Interstate, Directly Assigned | | | | | | | | | | |
| 28. | Jointly Used | | | | | | | | | | |
| 29. | Total Wideband Exchange Line Circuit Equip | | | | | | | | | | |
| | Category 4.12 - Exchange Trunk Circuit Equip (Wideband & Nonwideband) | | | | | | | | | | |
| 30. | St, Directly Assigned | | | | | | | | | | |
| 31. | Interstate, Directly Assigned | | | | | | | | | | |
| 32. | Jointly Used | | | | | | | | | | |
| 33. | Total Exchange Trunk Circuit Equip | | | | | | | | | | |
| | Category 4.13 - Exchange Line Circuit Equip (Excluding Wideband) | | | | | | | | | | |
| 34. | State Pvt Line, State WATS Lines Directly Assigned | | | | | | | | | | |
| 35. | Interstate Pvt Line, Interstate WATS lines Directly Assigned | | | | | | | | | | |
| 36. | Sub Common Lines | | | | | | | | | | |
| 37. | Total Exchange Line Circuit Equip | | | | | | | | | | |
| | Category 4.2 - Interexchange Circuit Equipment | | | | | | | | | | |
| 38. | Category 4.21 - IX Circuit Equip Furnished to Another Company for Interstate Use | | | | | | | | | | |
| | Category 4.22 - IX Circuit Equip Used for Wideband Serv Including Satellite & Earth Sta Equip Used for Wideband Service | | | | | | | | | | |
| 39. | St, Directly Assigned | | | | | | | | | | |
| 40. | Interstate, Directly Assigned | | | | | | | | | | |
| 41. | Jointly Used | | | | | | | | | | |
| 42. | Total IX Cir Equip for Wideband Serv Including Satellite And Earth Sta Equip Used for Wideband Serv | | | | | | | | | | |

Carrier________________________ Study Area________________________ For the Period________________________

| Line | Category (a) | Total Unseparated (b) | State (c) | Interstate (d) | Common Line (e) | Switching (f) | Local Transport (g) | Information (h) | Special Access (i) | Total Access (j) | Non-Access (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Category 4.23 - All Other Interexchange Circuit Equip | | | | | | | | | | |
| 43. | St, Directly Assigned | | | | | | | | | | |
| 44. | Interstate, Directly Assigned | | | | | | | | | | |
| 45. | Jointly Used | | | | | | | | | | |
| 46. | TWX Circuit Equip | | | | | | | | | | |
| 47. | Total Other IX Circuit Equip | | | | | | | | | | |
| | Category 4.3 - Host/Remote Circuit Equip | | | | | | | | | | |
| 48. | Msg C&WF Excld WATS Closed End Access Lines | | | | | | | | | | |
| 49. | Msg C&WF Used for WATS Closed End Access | | | | | | | | | | |
| 50. | Total Host/Remote Circuit Equip | | | | | | | | | | |
| 51. | Total Central Office Equip | | | | | | | | | | |
| | Inf Origination/Termination (IOT) Equipment | | | | | | | | | | |
| 52. | Category 1 - Other IOT Equip | | | | | | | | | | |
| 53. | Category 2 - New Customer Premises Equip | | | | | | | | | | |
| 54. | Total IOT Equip | | | | | | | | | | |
| | Cable and Wire Facilities (C&WF) | | | | | | | | | | |
| | Category 1 - Exchange Line C&WF, Excluding Wideband | | | | | | | | | | |
| 55. | Category 1.1 - St Pvt Line and State WATS Lines | | | | | | | | | | |
| 56. | Category 1.2 - Interstate Pvt Lines and Interstate WATS | | | | | | | | | | |
| 57. | Category 1.3 - Sub or Common Lines Jointly Used | | | | | | | | | | |
| 58. | Total Exchange Line C&WF, Excluding Wideband | | | | | | | | | | |
| | Category 2 - Wideband and Exchange Trunk C&WF | | | | | | | | | | |
| 59. | St, Directly Assigned | | | | | | | | | | |
| 60. | Interstate, Directly Assigned | | | | | | | | | | |
| 61. | Jointly Used | | | | | | | | | | |
| 62. | Total Wideband and Exchange Trunk C&WF | | | | | | | | | | |
| | Category 3 - Interexchange C&WF | | | | | | | | | | |
| 63. | St, Directly Assigned | | | | | | | | | | |
| 64. | Interstate, Directly Assigned | | | | | | | | | | |
| 65. | Jointly Used | | | | | | | | | | |
| 66. | Total IX C&WF | | | | | | | | | | |
| | Category 4 - Host/Remote Message C&WF | | | | | | | | | | |
| 67. | Msg Excluding WATS Closed End Access Lines | | | | | | | | | | |
| 68. | Msg C&WF Used for WATS Closed End Access | | | | | | | | | | |
| 69. | Total Host/Remote Msg C&WF | | | | | | | | | | |
| 70. | Total Cable and Wire Facilities | | | | | | | | | | |
| | Tangible Assets | | | | | | | | | | |
| | Capital Leases | | | | | | | | | | |
| 71. | Total General Support Facilities | | | | | | | | | | |
| 72. | Total Central Office Equip | | | | | | | | | | |
| 73. | Total IOT Equip | | | | | | | | | | |
| 74. | Total C&WF | | | | | | | | | | |
| 75. | Total Capital Leases | | | | | | | | | | |
| | Leasehold Improvements | | | | | | | | | | |
| 76. | Total General Support Facilities | | | | | | | | | | |
| 77. | Total Central Office Equip | | | | | | | | | | |
| 78. | Total IOT Equip | | | | | | | | | | |
| 79. | Total C&WF | | | | | | | | | | |
| 80. | Total Leasehold Improvements | | | | | | | | | | |
| 81. | Total Tangible Assets | | | | | | | | | | |
| 82. | Intangible Assets | | | | | | | | | | |
| 83. | Equal Access Equip | | | | | | | | | | |
| 84. | Total Telecommunications Plant In Serv | | | | | | | | | | |

Carrier________________ Study Area________________ For the Period________________

| Line | Category (a) | Total Unseparated (b) | State (c) | Interstate (d) | Common Line (e) | Switching (f) | Local Transport (g) | Information (h) | Special Access (i) | Total Access (j) | Non-Access (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 85. | Class B Rural Telephone Bank Stock | | | | | | | | | | |
| 86. | Prop Held for Future Telecommunications Use | | | | | | | | | | |
| 87. | Telecommunications Plant Under Cons - Short Term | | | | | | | | | | |
| 88. | Telecommunications Plant Under Cons - Long Term | | | | | | | | | | |
| 89. | Telecommunications Plant Adj | | | | | | | | | | |
| 90. | Materials and Supplies | | | | | | | | | | |
| 91. | Cash Working Capital | | | | | | | | | | |
| **Expenses** | | | | | | | | | | | |
| | **Operating Expenses** | | | | | | | | | | |
| 92. | Network Support Expenses | | | | | | | | | | |
| 93. | General Support Expenses | | | | | | | | | | |
| | Central Office Expenses | | | | | | | | | | |
| 94. | Central Office Switching Expenses | | | | | | | | | | |
| 95. | Operator Systems Expenses | | | | | | | | | | |
| 96. | Central Office Transmission Expenses | | | | | | | | | | |
| 97. | Total Central Office Expenses | | | | | | | | | | |
| | Information Origination/Termination Expenses | | | | | | | | | | |
| 98. | Category 1 - Other IOT Expenses | | | | | | | | | | |
| 99. | Category 2 - Customer Premises Equip (CPE) Expenses | | | | | | | | | | |
| 100. | Total IOT Expenses | | | | | | | | | | |
| 101. | C&WF Expenses | | | | | | | | | | |
| 102. | Other Prop Plant and Equip Expenses | | | | | | | | | | |
| | Network Operations Expenses | | | | | | | | | | |
| 103. | Network Operations Expenses | | | | | | | | | | |
| 104. | Access Expenses | | | | | | | | | | |
| 105. | Total Network Operations Expenses | | | | | | | | | | |
| | Depreciation and Amortization Expenses | | | | | | | | | | |
| 106. | General Support Facilities | | | | | | | | | | |
| 107. | Central Office Equipment | | | | | | | | | | |
| 108. | IOT Equip | | | | | | | | | | |
| 109. | C&WF | | | | | | | | | | |
| 110. | Tangible Assets | | | | | | | | | | |
| 111. | Intangible Assets | | | | | | | | | | |
| 112. | Other Amortizable Assets | | | | | | | | | | |
| 113. | Prop Held for Future Telecommunications Use | | | | | | | | | | |
| 114. | Total Depreciation and Amortization Expenses | | | | | | | | | | |
| | **Customer Operations Expenses** | | | | | | | | | | |
| 115. | Marketing Expense | | | | | | | | | | |
| | Services Expenses | | | | | | | | | | |
| 116. | Telephone Operators Services | | | | | | | | | | |
| | Publishing Directory Listing | | | | | | | | | | |
| 117. | Classified Directory Expenses | | | | | | | | | | |
| 118. | DA Directory Expenses | | | | | | | | | | |
| 119. | Alphabetical & Address Directory & Traffic Inf Recs | | | | | | | | | | |
| 120. | Foreign Directories Expenses | | | | | | | | | | |
| 121. | Total Publishing Directory Listing Expenses | | | | | | | | | | |

Carrier__________ Study Area__________ For the Period__________

| Line | Category (a) | Total Unseparated (b) | State (c) | Interstate (d) | Common Line (e) | Switching (f) | Local Transport (g) | Information (h) | Special Access (i) | Total Access (j) | Non-Access (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Category 1 - Local Business Office Expense | | | | | | | | | | |
| | End User Service Order Processing | | | | | | | | | | |
| 122. | Local Serv Order Proc | | | | | | | | | | |
| 123. | Presub Serv Order Proc | | | | | | | | | | |
| 124. | Directory Adv Serv Order Proc | | | | | | | | | | |
| 125. | St Pvt Ln & Sp Access Serv Ord Proc | | | | | | | | | | |
| 126. | Interstate Pvt Line & Sp Access Serv Ord Proc | | | | | | | | | | |
| 127. | Other St Msg Toll Including WATS Serv Ord Proc | | | | | | | | | | |
| 128. | Other Interstate Msg Toll Including WATS Serv Ord Proc | | | | | | | | | | |
| 129. | TWX Serv Order Proc | | | | | | | | | | |
| 130. | Total End User Serv Order Proc | | | | | | | | | | |
| | End User Payment and Collection | | | | | | | | | | |
| 131. | St Pvt Line & Sp Access Pt & Col | | | | | | | | | | |
| 132. | Interstate Pvt Line & Sp Access Pt & Col | | | | | | | | | | |
| 133. | St Msg Toll Including WATS Pt & Col | | | | | | | | | | |
| 134. | Interstate Msg Toll Including WATS Pt & Col & Interstate Sub Line Charge | | | | | | | | | | |
| 135. | Local Including Directory Adv Pt & Col | | | | | | | | | | |
| 136. | TWX Pt and Col | | | | | | | | | | |
| 137. | Total End User Pt and Col | | | | | | | | | | |
| | End User Billing Inquiry | | | | | | | | | | |
| 138. | St Pvt Line & Sp Access Billing Inquiry | | | | | | | | | | |
| 139. | Interstate Pvt Line & Sp Access Billing Inquiry | | | | | | | | | | |
| 140. | St Msg Toll Including WATS Billing Inquiry | | | | | | | | | | |
| 141. | Interstate Msg Toll Including WATS Billing Inquiry & Interstate Sub Line Charge | | | | | | | | | | |
| 142. | TWX Billing Inquiry | | | | | | | | | | |
| 143. | Other Billing Inquiry | | | | | | | | | | |
| 144. | Total End User Billing Inquiry | | | | | | | | | | |
| | Interexchange Carrier Service Order Processing | | | | | | | | | | |
| 145. | St Sp Access and Pvt Line | | | | | | | | | | |
| 146. | Interstate Sp Access and Pvt Line | | | | | | | | | | |
| 147. | St Switched Access and Msg Toll | | | | | | | | | | |
| 148. | Interstate Switched Access and Msg Toll | | | | | | | | | | |
| 149. | State Billing & Col Serv Order | | | | | | | | | | |
| 150. | Interstate Billing & Col Serv Order | | | | | | | | | | |
| 151. | Total IX Carrier Serv Order Proc | | | | | | | | | | |
| | Interexchange Carrier Payments and Collection | | | | | | | | | | |
| 152. | St Sp Access & Pvt Line Pt & Col | | | | | | | | | | |
| 153. | Interstate Sp Access & Pvt Line Pt & Col | | | | | | | | | | |
| 154. | St Switched Access Pt & Col | | | | | | | | | | |
| 155. | Interstate Switched Access & Msg Toll Pt & Col | | | | | | | | | | |
| 156. | St Billing & Col | | | | | | | | | | |
| 157. | Interstate Billing & Col | | | | | | | | | | |
| 158. | Total IX Carrier Pt & Col | | | | | | | | | | |
| | Interexchange Carrier Billing Inquiry | | | | | | | | | | |
| 159. | St Sp Access & Pvt Line Bill Inquiry | | | | | | | | | | |
| 160. | Interstate Sp Access & Pvt Line Bill Inquiry | | | | | | | | | | |
| 161. | St Switched Access & Msg Toll, Including WATS | | | | | | | | | | |
| 162. | Interstate Switched Access & Msg Toll, Including WATS | | | | | | | | | | |
| 163. | St Billing & Col Billing Inquiry | | | | | | | | | | |
| 164. | Interstate Billing & Col Billing Inquiry | | | | | | | | | | |
| 165. | Total IX Carrier Billing Inquiry | | | | | | | | | | |
| 166. | Coin Col and Administration | | | | | | | | | | |
| 167. | Total Local Business Office Expenses | | | | | | | | | | |

Carrier ______________________ Study Area ______________________ For the Period ______________________

| Line | Category (a) | Total Unseparated (b) | State (c) | Interstate (d) | Common Line (e) | Switching (f) | Local Transport (g) | Information (h) | Special Access (i) | Total Access (j) | Non-Access (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Category 2 - Customer Service Expenses | | | | | | | | | | |
| | Message Processing Expense | | | | | | | | | | |
| 168. | Toll Ticketing Proc Expense | | | | | | | | | | |
| 169. | Local Msg Proc Expense | | | | | | | | | | |
| 170. | Total Msg Proc Expense | | | | | | | | | | |
| 171. | Other Billing & Col Expense | | | | | | | | | | |
| 172. | Carrier Access Charge Billing & Col Expense | | | | | | | | | | |
| 173. | Total Customer Serv Expenses | | | | | | | | | | |
| 174. | Category 3 - All Other Customer Serv Expenses | | | | | | | | | | |
| 175. | Total Customer Operations Expenses | | | | | | | | | | |
| | Corporate Operations Expenses | | | | | | | | | | |
| 176. | Executive and Planning Expenses | | | | | | | | | | |
| | General and Administrative Expenses | | | | | | | | | | |
| 178. | Extended Area Service (EAS) | | | | | | | | | | |
| 178. | All Other | | | | | | | | | | |
| 179. | Total General and Admin Expenses | | | | | | | | | | |
| 180. | Total Corporate Operations Expenses | | | | | | | | | | |
| 181. | Equal Access Expense | | | | | | | | | | |
| 182. | Total Operating Expenses | | | | | | | | | | |
| | Operating Taxes | | | | | | | | | | |
| 183. | Operating Investment Tax Cr | | | | | | | | | | |
| 184. | Operating Federal Inc Taxes | | | | | | | | | | |
| 185. | Operating State & Local Inc Taxes | | | | | | | | | | |
| 186. | Operating Other Taxes | | | | | | | | | | |
| 187. | Provision for Deferred Operat Inc Taxes | | | | | | | | | | |
| 188. | Total Operating Taxes | | | | | | | | | | |
| <u>Revenues</u> | | | | | | | | | | | |
| | Operating Revenues | | | | | | | | | | |
| | Basic Local Serv Revenues | | | | | | | | | | |
| 189. | Local Pvt Line for Broadcast Transmission | | | | | | | | | | |
| 190. | Origination/Term of Interstate FX or CCSA-Line Serv | | | | | | | | | | |
| 191. | Wideband Msg Serv and TWX | | | | | | | | | | |
| 192. | All Other Revenues | | | | | | | | | | |
| 193. | Total Basic Local Serv Revenues | | | | | | | | | | |
| | Network Access Service Revenues | | | | | | | | | | |
| 194. | End User Revenue | | | | | | | | | | |
| 195. | Switched Access Revenue | | | | | | | | | | |
| 196. | Special Access Revenue | | | | | | | | | | |
| 197. | Sc Access Revenue | | | | | | | | | | |
| 198. | Total Network Access Serv Revenues | | | | | | | | | | |
| | Long Distance Message Revenue | | | | | | | | | | |
| 199. | Wideband Message Service | | | | | | | | | | |
| 200. | TWX | | | | | | | | | | |
| 201. | LD Pvt Line for Broadcast Transmissions | | | | | | | | | | |
| 202. | All Other LD Msg Revenue | | | | | | | | | | |
| 203. | Total LD Msg Revenue | | | | | | | | | | |
| | Miscellaneous Revenue | | | | | | | | | | |
| 204. | Directory Revenues | | | | | | | | | | |
| 205. | Billing and Col Revenues | | | | | | | | | | |
| 206. | All Other Revenues | | | | | | | | | | |
| 207. | Total Miscellaneous Revenue | | | | | | | | | | |
| 208. | Uncollectible Revenue | | | | | | | | | | |

Carrier__________ Study Area__________ For the Period__________

| Line | Category (a) | Total Unseparated (b) | State (c) | Interstate (d) | Common Line (e) | Switching (f) | Local Transport (g) | Information (h) | Special Access (i) | Total Access (j) | Non-Access (k) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Certain Income & Expense Accounts | | | | | | | | | | |
| 209. | Other Operating Inc & Expenses | | | | | | | | | | |
| 210. | Nonoperating Inc & Expenses | | | | | | | | | | |
| 211. | Interstate & Related Items | | | | | | | | | | |
| 212. | Extraordinary Items | | | | | | | | | | |
| 213. | Income Effect of Jurisdictional Ratemaking Differences | | | | | | | | | | |
| | **Reserves and Deferrals** | | | | | | | | | | |
| 214. | Other Jurisdictional Assets - Net | | | | | | | | | | |
| 215. | Accumulated Depreciation | | | | | | | | | | |
| 216. | Accum Dep - Prop Held for Future Telecommunications Use | | | | | | | | | | |
| 217. | Accumulated Amortization - Tangible | | | | | | | | | | |
| 218. | Accumulated Amortization - Intangible | | | | | | | | | | |
| 219. | Accumulated Amortization - Other | | | | | | | | | | |
| 220. | Net Current Deferred Operating Inc Taxes | | | | | | | | | | |
| 221. | Net Noncurrent Deferred Operating Inc Taxes | | | | | | | | | | |
| 222. | Other Jurisdictional Liabilities & Deferred Crs - Net | | | | | | | | | | |
| | **Factors** | | | | | | | | | | |
| 223. | Directory Assistance Weighted Std Work Secs | | | | | | | | | | |
| 224. | Calls Recieved Over Toll Directory Assistance Trunks | | | | | | | | | | |
| 225. | Directory Assistance Calls | | | | | | | | | | |

ATTESTING OFFICER__________ CONTACT__________ TEL__________

## LINE DESCRIPTIONS

**LINE** | **DESCRIPTION**

All items should be calculated as prescribed in Part 36 of our Rules.

**Telecommunications Plant**

1. General Support Facilities - The total of accounts 2111 through 2116 and 2121 through 2124.

**Central Office Equipment**

Central Office Equipment - The cost of central office equipment is carried in accounts 2211 through 2215, 2220, 2231 and 2232.

Category 1 - Operator Systems Equipment

Operator systems equipment includes all types of manual telephone switchboards except tandem switchboards and those used solely for the recording of calling telephone numbers in connection with customer dialed charge traffic.

2. Separate Toll Boards include outward, through and inward positions in separate lines and associated inward toll switchboard positions in line.

3. Separate Local Manual Boards include the local positions of manual boards where inward toll positions are in the same line.

4. Combined Local and Manual Toll Boards handle both local and toll, either combined or having segregated local and toll positions in the same line.

5. Combined Toll and DSA Boards handle both toll and DSA, either combined or having segregated toll and DSA positions in the same line.

6. Separate DSA and DSB Boards - DSA boards are switchboards at which are handled assistance calls, intercepted calls and calls from miscellaneous lines and trunks. They may also be employed for handling certain toll calls. DSB boards are switchboards of a dial system for completing incoming calls received from manual offices.

| LINE | DESCRIPTION |
|---|---|
| 7. | Service Observing Boards are switchboards from which calls are monitored from line signal to disconnect, to record the speed, accuracy and quality of the operator's work. |
| 8. | Auxiliary Service Boards handle rate and route, information, and intercept service at individual or joint positions. This line is the total of lines 9 through 12. |
| 9. | Separate Directory Assistance Boards handle calls received over toll directory assistance trunks. |
| 10. | Separate Intercept Boards and Automated Intercept Systems stop a telephone call directed to an improper telephone number and redirect that call to an operator or a recording. These costs are apportioned among the operations on the basis of the relative number of subscriber line minutes of use. |
| 11. | Separate Rate and Route Boards control the rate and route of a call by giving preference to direct routes over switched routes. These costs are apportioned with the cost of the toll boards served. |
| 12. | More Than One Auxiliary Service - When more than one auxiliary service is handled at an auxiliary board, the cost of the board is apportioned among the auxiliary services on the basis of the relative weighted standard work seconds for each service and allocated among such services in the same manner as for a separate auxiliary board. |
| 13. | Traffic Service Position systems (TSPS) include the common control and trunk equipment in addition to the associated groups of positions wherever located. This line is the total of lines 14 through 16. |
| 14. | Operator Position Investments are apportioned on the basis of the relative weighted standard work seconds for the entire TSPS complex. |
| 15. | Remote Trunk Arrangement (RTA) investments are apportioned on the basis of the relative processor real time required to process TSPS traffic originating from the end offices served by each RTA. |
| 16. | Other Equipment - All Other Operator Systems Equipment |

| LINE | DESCRIPTION |
|---|---|
| 17. | Total Operator Systems Equipment - The total of lines 2 through 8 plus line 13. |
| | Category 2 - Tandem Switching Equipment |
| | Tandem Switching Equipment includes all switching equipment in a tandem central office, including any associated tandem switchboard positions and any intertoll switching equipment. |
| 18. | State, Directly Assigned includes all costs of tandem switching equipment that are directly assignable to the state jurisdiction. |
| 19. | Interstate, Directly Assigned includes all costs of tandem switching equipment that are directly assignable to the interstate jurisdiction. |
| 20. | Jointly Used - When direct assignment is not possible the costs shall be apportioned among the operations on the basis of the relative number of study area minutes of use of this equipment. |
| 21. | Total Tandem Switching Equipment - The total of lines 18 through 20. |
| | Category 3 - Local Switching Equipment |
| | Local switching equipment includes all central office switching equipment not assigned to other categories. |
| 22. | State, Directly Assigned includes all costs of local switching equipment that are directly assignable to the state jurisdiction. |
| 23. | Interstate, Directly Assigned includes all costs of local switching equipment that are directly assignable to the interstate jurisdiction. |
| 24. | Jointly Used - When direct assignment is not possible the costs shall be apportioned among the operations on the basis of the relative number of study area minutes of use of this equipment. |
| 25. | Total Local Switching Equipment - The total of lines 22 through 25. |

LINE DESCRIPTION

Category 4 - Circuit Equipment

Circuit equipment includes central office equipment, other than switching equipment and automatic message recording equipment, which is used to derive communications transmission channels or which is used for the amplification, modulation, regeneration, testing, balancing or control of signals transmitted over communications transmission channels.

Category 4.1 - Exchange Circuit Equipment

Category 4.11 - Wideband Exchange Line Circuit Equipment

The cost of exchange circuit equipment in this category is determined separately for each wideband facility. The respective costs shall be directly assigned where feasible.

26. State, Directly Assigned includes all costs of wideband exchange line circuit equipment that are directly assignable to the state jurisdiction.

27. Interstate, Directly Assigned includes all costs of wideband exchange line circuit equipment that are directly assignable to the interstate jurisdiction.

28. Jointly Used - When direct assignment is not possible the costs shall be apportioned between the state and interstate jurisdictions based on the relative number of minutes of use.

29. Total Wideband Exchange Line Circuit Equipment - The total of lines 26 through 28.

Category 4.12 - Exchange Trunk Circuit Equipment
(Wideband & Nonwideband)

The cost of exchange circuit equipment associated with this category shall be directly assigned where feasible.

30. State, Directly Assigned includes all costs of exchange trunk circuit equipment that are directly assignable to the state jurisdiction.

| LINE | DESCRIPTION |
|---|---|
| 31. | Interstate, Directly Assigned includes all costs of exchange trunk circuit equipment that are directly assignable to the interstate jurisdiction. |
| 32. | Jointly Used - When direct assignment is not possible the costs shall be apportioned between the state and interstate jurisdictions based on the relative number of minutes of use. |
| 33. | Total Exchange Trunk Circuit Equipment - The total of lines 30 through 32. |
| | Category 4.13 - Exchange Line Circuit Equipment (Excluding Wideband) |
| | The cost of circuit equipment associated with exchange line plant excluding wideband for the study area is assigned to subcategories and is directly assigned where feasible. |
| 34. | State Private Line and State WATS Lines, Directly Assigned includes all costs of exchange line circuit equipment that are directly assignable to the state jurisdiction. |
| 35. | Interstate Private Line and Interstate WATS Lines, Directly Assigned includes all costs of exchange line circuit equipment that are directly assignable to the interstate jurisdiction. |
| 36. | Subscriber Common Lines - When direct assignment is not possible the costs shall be apportioned between the state and interstate jurisdictions based on the relative number of minutes of use. |
| 37. | Total Exchange Line Circuit Equipment - The total of lines 34 through 36. |
| | Category 4.2 - Interexchange Circuit Equipment |
| 38. | Category 4.21 - Interexchange Circuit Equipment Furnished to Another Company for Interstate Use - This category comprises that circuit equipment provided for the use of another company as an integral part of its interexchange circuit facilities used for interstate services. The total cost of the circuit equipment in this category for the study area is assigned to the interstate operation. |

LINE DESCRIPTION

Category 4.22 - Interexchange Circuit Equipment Used for Wideband Service Including Satellite and Earth Station Equipment Used for Wideband Service

This category includes the circuit equipment portion of interexchange channels used for wideband service. The cost of interexchange circuit equipment in this category is determined separately for each wideband channel and is segregated between message and private line services on the basis of the use of the channels provided. The cost of equipment in this category is determined separately for each wideband channel and is segregated between message and private line services on the basis of the use of the channels provided. These costs shall be directly assigned where feasible.

39. State, Directly Assigned includes all costs of interexchange circuit equipment used for wideband service including satellite and earth station equipment used for wideband service that are directly assignable to the state jurisdiction.

40. Interstate, Directly Assigned includes all costs of interexchange circuit equipment used for wideband service including satellite and earth station equipment used for wideband service that are directly assignable to the interstate jurisdiction.

41. Jointly Used - If direct assignment is not feasible, costs shall be apportioned between the state and interstate jurisdiction on the basis of conversation minute miles.

42. Total Interexchange Circuit Equipment for Wideband Service Including Satellite and Earth Station Equipment Used for Wideband Services - The total of lines 39 through 41.

Category 4.23 - All Other Interexchange Circuit Equipment

This category includes the cost of all interexchange circuit equipment not assigned to Categories 4.21 and 4.22. These costs should be directly assigned where feasible.

43. State, Directly Assigned includes all costs of all other interexchange circuit equipment that are directly assignable to the state jurisdiction.

| LINE | DESCRIPTION |
|---|---|
| 44. | Interstate, Direcly Assigned includes all costs of all other interexchange circuit equipment that are directly assignable to the interstate jurisdiction. |
| 45. | Jointly Used - When direct assignment is not feasible the method used to allocate these costs depends on the particular equipment for which such costs are being assigned. (See Part 36.126 (4)(e)(3).) |
| 46. | TWX Circuit Equipment - the cost of TWX Circuit Equipment is apportioned between the state and interstate operations on the basis of the relative number of study area conversation-minutes applicable to such facilities. |
| 47. | Total Other Interexchange Circuit Equipment - The Total of lines 43 through 46. |
| | Category 4.3 - Host/Remote Circuit Equipment |
| | This category includes message host/remote location circuit equipment for which a message circuit switching function is performed at the host central office associated with cable and wire facilities. |
| 48. | Message Cable and Wire Facilities (C&WF) Excluding WATS Closed End Access Lines include the cost of the host/remote location circuit equipment for providing exchange switched services to the general public by interexchange carriers and completed by a local telephone company's access services, exclusive of WATS. |
| 49. | Message C&WF Used for WATS Closed End Access include the cost of the host/remote location circuit equipment for providing WATS services by interexchange carriers and completed by a local telephone company's access services. |
| 50. | Total Host/Remote Circuit Equipment - The total of lines 48 and 49. |
| 51. | Total Central Office Equipment - The total of lines 17, 21, 25, 29, 33, 37, 38, 42, 47 and 50. |

| LINE | DESCRIPTION |
|---|---|

**Information Origination/Termination (IOT) Equipment**

The costs of IOT equipment are carried in accounts 2311, 2321, 2341, 2351 and 2362.

52. Category 1 - Other IOT Equipment includes the cost of IOT equipment not assigned to category 2. Twenty-five per cent of these costs shall be allocated to the interstate jurisdiction. (See Part 36.154(d) through (f).)

53. Category 2 - New Customer Premises Equipment includes the cost of Customer Premises Equipment that was detariffed pursuant to the Second Computer Inquiry decision. It shall be assigned to the state operations.

54. Total IOT Equipment - The total of lines 52 and 53.

**Cable and Wire Facilities (C&WF)**

Cable and Wire Facilities - The cost of cable and wire facilities are carried in accounts 2411, 2421 through 2426, 2431 and 2441.

Category 1 - Exchange Line C&WF, Excluding Wideband

This category includes C&WF between local central offices and subscriber premises used for message telephone, TWX subscriber lines, private line, local channels, and for circuits between control terminals and radio stations providing very high frequency maritime service or urban or highway mobile service.

55. Category 1.1 - State Private Line and State WATS Lines - The costs assigned to this category shall be directly assigned to the appropriate jurisdiction.

56. Category 1.2 - Interstate Private Lines and Interstate WATS - The costs assigned to this category shall be directly assigned to the appropriate jurisdiction.

57. Category 1.3 - Subscribers or Common Lines Jointly Used for local exchange service and exchange access for state and interstate interexchange services - (See Part 36.154(c) through (f).)

| LINE | DESCRIPTION |
|---|---|
| 58. | Total Exchange Line C&WF, Excluding Wideband - The total of lines 55 through 57. |
| | Category 2 - Wideband and Exchange Trunk C&WF |
| | This category includes all wideband, including Exchange Line Wideband and C&WF between local central offices and Wideband facilities. The cost of C&WF applicable to this category shall be directly assigned where feasible. |
| 59. | State, Directly Assigned includes all costs of wideband and exchange C&WF that are directly assignable to the state jurisdiction. |
| 60. | Interstate, Directly Assigned includes all costs of wideband and exchange C&WF that are directly assignable to the interstate jurisdiction. |
| 61. | Jointly Used - If direct assignment is not feasible, costs shall be apportioned between the state and interstate jurisdictions on the basis of the relative number of minutes of use. |
| 62. | Total Wideband and Exchange Trunk C&WF - The total of lines 59 through 61. |
| | Category 3 - Interexchange C&WF |
| | This category includes the C&WF used for message toll and toll private line services. The cost of C&WF applicable to this category shall be directly assigned where feasible. |
| 63. | State, Directly Assigned includes all costs of interexchange C&WF that are directly assignable to the state jurisdiction. |
| 64. | Interstate, Directly Assigned includes all costs of interexchange C&WF that are directly assignable to the interstate jurisdiction. |
| 65. | Jointly Used - If direct assignment is not feasible, costs shall be apportioned between the state and interstate jurisdictions on the basis of the relative number of minutes of communication minute miles. |

| LINE | DESCRIPTION |
|---|---|

66. Total Interexchange C&WF - The total of lines 63 through 65.

Catagory 4 - Host/Remote Message C&WF

This category includes the cost of message host/remote location C&WF for which a message circuit switching function is performed at the host central office. It applies to C&WF between host offices and all remote locations.

67. Message Excluding WATS Closed End Access Lines - These costs are apportioned on the basis of the relative number of study area minutes-of-use miles applicable to such facilities.

68. Message C&WF Used for WATS Closed End Access - These costs are directly assigned to the appropriate jurisdiction.

69. Total Host/Remote Message C&WF - The total of lines 67 and 68.

70. Total Cable and Wire Facilities - The total of lines 58, 62, 66 and 69.

**Tangible Assets**

The costs of tangible assets are carried in accounts 2681 and 2682.

Capital Leases - This account includes all property acquired under a capital lease.

71. Total General Support Facilities includes that amount of account 2681 applicable to general support facilities.

72. Total Central Office Equipment includes that amount of account 2681 applicable to central office equipment.

73. Total IOT Equipment includes that amount of account 2681 applicable to IOT equipment.

74. Total C&WF includes that amount of account 2681 applicable to C&WF.

75. Total Capital Leases - The total of lines 71 through 74.

LINE DESCRIPTION

Leasehold Improvements - This account includes the original cost of leasehold improvements made to telecommunications plant held under a capital or operating lease, which is subject to amortization treatment and also improvements which will revert to the lessor.

76. Total General Support Facilities includes that amount of account 2682 applicable to general support facilities.

77. Total Central Office Equipment includes that amount of account 2682 applicable to central office equipment.

78. Total IOT Equipment includes that amount of account 2682 applicable to IOT equipment.

79. Total C&WF includes that amount of account 2682 applicable to C&WF.

80. Total Leasehold Improvements - The total of lines 76 through 79.

81. Total Tangible Assets - The total of lines 75 and 80.

82. Intangible Assets - The cost of intangible assets is carried in account 2690 and includes 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.

83. Equal Access Equipment - This amount includes the initial incremental expenditures for hardware and other equipment related directly to the provision of equal access which would not be required to upgrade the capabilities of the office involved absent the provision of equal access. Equal access investment is segregated from all other amounts in the primary accounts and is then allocated between the jurisdictions on the basis of relative state and interstate equal access traffic.

84. Total Telecommunications Plant in Service - The cost of telecommunications plant in service is carried in account 2001 and includes the original cost of the investment included in accounts 2110 through 2690. The total of lines 1, 51, 54, 70, 81, 82 and 83.

| LINE | DESCRIPTION |
|---|---|
| 85. | Class B Rural Bank Stock - The cost of rural telephone bank stock is carried in account 1402 and includes the acquisition cost of the Company's investment in securities issued or assumed by nonaffiliated companies and individuals and investment advances to such parties and special deposits of cash for more than one year from date of deposit. This amount is allocated based on the relative separations of account 2001. |
| 86. | Property Held for Future Telecommunications Use - the cost of property held for future telecommunications use is carried in account 2002 and includes the original cost of property owned and held for no longer than two years under a definite plan for use in telecommunications service. |
| 87. | Telecommunications Plant Under Construction-Short Term - The cost of telecommunications plant under construction-short term is carried in account 2003 and includes the original cost of construction projects designed to be completed in one year or less. |
| 88. | Telecommunications Plant Under Construction-Long Term - The cost of telecommunications plant under construction-long term is carried in account 2004 and includes the original cost of construction projects designed to be completed in more than one year. |
| 89. | Telecommunications Plant Adjustment - The cost of telecommunications plant adjustment is carried in account 2005 and represents the difference between the fair market value of the telecommunications plant acquired, plus preliminary expenses incurred in connection with the acquisition and 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. |
| 90. | Materials and Supplies - The costs of materials and supplies are carried in account 1220, exclusive of CPE related amounts. |
| 91. | Cash Working Capital is apportioned among the operations on the basis of total expenses less non-cash expense items. |

| LINE | DESCRIPTION |
|---|---|
| | **Expenses** |
| | **Operating Expenses** |
| 92. | Network Support Expenses are carried in account 6110 which is a summary of accounts 6112 through 6116. |
| 93. | General Support Expenses are carried in account 6120 which is a summary of accounts 6121 through 6124. |
| | Central Office Expenses |
| | Central office expenses are carried in accounts 6210, 6220 and 6230. |
| 94. | Central Office Switching Expenses are carried in account 6210 which is a summary of accounts 6211 through 6215. |
| 95. | Operator Systems Expenses are carried in account 6220 and includes all expenses associated with operator systems equipment. |
| 96. | Central Office Transmission Expenses are carried in account 6230 which is a summary of accounts 6231 and 6232. |
| 97. | Total Central Office Expenses - The total of lines 94 through 96. |
| | IOT Expenses |
| 98. | Category 1 - Other IOT Expenses include all expenses not associated with CPE expenses. These expenses shall be apportioned between state and interstate operations in accordance with the apportionment of the related investment. |
| 99. | Category 2 - CPE expenses include the expenses related to Customer Premises Equipment and shall be assigned to the state operations. |
| 100. | Total IOT Expenses - The total of lines 98 and 99. |

| LINE | DESCRIPTION |
|---|---|
| 101. | CW&F Expenses are carried in account 6410 which is a summary of accounts 6411 through 6441. |
| 102. | Other Property Plant and Equipment Expenses are carried in account 6510 which is a summary of 6511 and 6512. |
| | Network Operations Expense |
| 103. | Network Operations Expenses are carried in account 6530 which is a summary of accounts 6531 through 6535. |
| 104. | Access Expenses are carried in account 6540 and includes amounts paid by interexchange carriers or other exchange carriers to another exchange carrier for the provision of exchange access services. |
| 105. | Total Network Operations Expenses - The total of lines 103 and 104. |
| | Depreciation and Amortization Expenses |
| | Depreciation and Amortization expenses are carried in account 6560 which is a summary of accounts 6561 through 6565. |
| 106. | General Support Facilities comprise that amount of account 6560 applicable to depreciable general support facilities. |
| 107. | Central Office Equipment is that amount of account 6560 applicable to central office equipment. |
| 108. | IOT Equipment is that amount of account 6560 applicable to IOT equipment. |
| 109. | CW&F is that amount of account 6560 applicable to CW&F. |
| 110. | Tangible Assets comprise that amount of account 6560 applicable to tangible assets. |
| 111. | Intangible Assets comprise that amount of account 6560 applicable to intangible assets. |

| LINE | DESCRIPTION |
|---|---|
| 112. | Other Amortizable Assets comprise that amount of account 6560 applicable to telecommunications plant adjustment. |
| 113. | Property Held for Future Telecommunications Use is that amount of account 6560 applicable to property held for future telecommunications use. |
| 114. | Total Depreciation and Amortization Expenses - The total of lines 106 through 113. |

**Customer Operations Expenses**

Marketing Expense

115. Marketing Expense is carried in account 6610, a summary of accounts 6611 through 6613, and is apportioned among the operations on the basis of an analysis of current billing, excluding billing for access charges during a representative period. This analysis also excludes current billing on behalf of others and billing in connection with intercompany settlements.

Service Expenses

Service Expenses are carried in account 6620, a summary of accounts 6621 through 6623, and is segregated on the basis of an analysis of job functions into telephone operator services, publishing directory listing, and all other service expense. It may also be apportioned among the operations for groups of exchanges. A group of exchanges may include all exchanges in the study area.

116. Telephone Operator Services include costs incurred for operators in call completion service and number service. These costs are apportioned among the operations on the basis of the relative number of weighted standard work seconds as determined by analysis and study for a representative period.

| LINE | DESCRIPTION |
|---|---|
| | Publishing Directory Listing includes expenses for preparing or purchasing, compiling and disseminating directory listings. These costs are assigned on the basis of the location of the point where used with respect to the locality for which the directories and records were prepared. |
| 117. | Classified Directory Expenses and all expenses of soliciting advertising are assigned to the exchange operation. |
| 118. | TWX Directory Expenses are assigned to state toll and interstate toll operations, respectively, on the basis of the relative number of TWX minutes-of-use. |
| 119. | Alphabetical and Street Address Directories and Traffic Information Records expenses are apportioned among the operations on the basis of the relative number of study area subscriber line minutes-of-use applicable to each operation. |
| 120. | Foreign Directories Expenses are associated with directories and traffic information records prepared for one locality and used in another. Such expense is assigned to the appropriate operation on the basis of the location of the point where used with respect to the locality for which the directories and records were prepared. |
| 121. | Total Publishing Directory Listing Expenses - The total of lines 117 through 120. |
| | All Other Service Expenses - For apportionment purposes this classification is divided into three categories. |
| | Category 1 - Local Business Office Expense |
| | The expense in this category for the area under study is segregated on the basis of an analysis of job functions. |
| | End User Service Order Processing includes expenses related to the receipt and processing of end users' orders for service and inquiries concerning service. |
| 122. | Local Service Order Processing expenses (primarily local telephone service orders) are assigned to the state jurisdiction. |

| LINE | DESCRIPTION |
|---|---|
| 123. | Presubscription Service Order Processing expenses are assigned to the interstate jurisdiction. |
| 124. | Directory Advertising Service Order Processing expenses are assigned to the state jurisdiction. |
| 125. | State Private Line and Special Access Service Order Processing expense is assigned to the state jurisdiction. |
| 126. | Interstate Private Line and Special Access Service Order Processing expenses are assigned to the interstate jurisdiction. |
| 127. | Other State Message Toll Including WATS Service Order Processing expenses are assigned to the state jurisdiction. |
| 128. | Other Interstate Message Toll Including WATS Service Order Processing expenses are assigned to the interstate jurisdiction. |
| 129. | TWX Service Order Processing expenses are allocated between the jurisdictions based on relative state and interstate billed TWX revenues. |
| 130. | Total End User Service Order Processing - The total of lines 122 through 129. |
| | End User Payment and Collection includes expenses incurred in relation to the payment and collection of amounts billed to end users. |
| 131. | State Private Line and Special Access Payment and Collection expenses are assigned to the state jurisdiction. |
| 132. | Interstate Private Line and Special Access Payment and Collection expenses are assigned to the interstate jurisdiction. |
| 133. | State Message Toll Including WATS and Interstate Subscriber Line Charges Payment and Collection expenses are assigned to the state jurisdiction. |
| 134. | Interstate Message Toll Including WATS Payment and Collection expenses are assigned to the interstate jurisdiction. |

| LINE | DESCRIPTION |
|---|---|
| 135. | Local Including Directory Advertising Payment and Collection expenses are assigned to the state jurisdiction. |
| 136. | TWX Payment and Collection expenses are allocated between the jurisdictions based on relative state and interstate TWX revenues for service for which end user payment and collection is provided. |
| 137. | Total End User Payment and Collection - The total of lines 131 through 136. |
| | End User Billing Inquiry includes expenses related to handling end users' inquiries concerning their bills. |
| 138. | State Private Line and Special Access Billing Inquiry expenses are directly assigned to the state jurisdiction. |
| 139. | Interstate Private Line and Special Access Billing Inquiry expenses are directly assigned to the interstate jurisdiction. |
| 140. | State Message Toll Including WATS Billing Inquiry expenses are directly assigned to the state jurisdiction. |
| 141. | Interstate Message Toll Including WATS and Interstate Subscriber Line Charge Billing Inquiry expenses are directly assigned to the interstate jurisdiction. |
| 142. | TWX Billing Inquiry expenses are allocated between the jurisdictions based on relative state and interstate billed TWX revenues for service for which end user billing inquiry is provided. |
| 143. | Other Billing Inquiry expenses (primarily related to local bills but also including directory advertising) are directly assigned to the state jurisdiction. |
| 144. | Total End User Billing Inquiry - The total of Lines 138 through 143. |
| | Interexchange Carrier Service Order Processing includes expenses associated with the receipt and processing of interexchange carrier orders for service and inquiries about service. |
| 145. | State special access and private line service order processing expenses are directly assigned to the state jurisdiction. |

| LINE | DESCRIPTION |
|---|---|
| 146. | Interstate special access and private line service order processing expenses are directly assigned to the interstate jurisdiction. |
| 147. | State switched access and message toll including WATS service order processing expenses are directly assigned to the state jurisdiction. |
| 148. | Interstate switched access and message toll including WATS service order processing expenses are directly assigned to the interstate jurisdiction. |
| 149. | State billing and collection service order processing expenses are directly assigned to the state jurisdiction. |
| 150. | Interstate billing and collection service order processing expenses are directly assigned to the interstate jurisdiction. |
| 151. | Total Interexchange Carrier Service Order Processing - The total of lines 145 through 151. |
| | Interexchange Carrier Payments and Collection includes expenses associated with the payment and collection of interexchange carrier billings, including commissions paid to payment and collection agents. |
| 152. | State special access and private line payment and collection expenses are directly assigned to the state jurisdiction. |
| 153. | Interstate special access and private line payment and collection expenses are directly assigned to the interstate jurisdiction. |
| 154. | State switched access and message toll including WATS payment and collection expenses are directly assigned to the state jurisdiction. |
| 155. | Interstate switched access and message toll including WATS payment and collection expenses are directly assigned to the interstate jurisdiction. |
| 156. | State billing and collection payment and collection expenses are directly assigned to the state jurisdiction. |

| LINE | DESCRIPTION |
|---|---|
| 157. | Interstate billing and collection payment and collection expenses are directly assigned to the interstate jurisdiction. |
| 158. | Total Interstate Carrier Payments and Collection - The total of lines 152 through 157. |
| | Interexchange Carrier Billing Inquiry includes expenses related to the handling of interexchange carrier billing inquiries. |
| 159. | State special access and private line billing inquiry expenses are directly assigned to the state jurisdiction. |
| 160. | Interstate special access and private line billing inquiry expenses are directly assigned to the interstate jurisdiction. |
| 161. | State switched access and message toll including WATS billing inquiry expenses are directly assigned to the state jurisdiction. |
| 162. | Interstate switched access and message toll including WATS billing inquiry expenses are directly assigned to the interstate jurisdiction. |
| 163. | State billing and collection billing inquiry expenses are directly assigned to the state jurisdiction. |
| 164. | Interstate billing and collection billing inquiry expenses are directly assigned to the interstate jurisdiction. |
| 165. | Total Interexchange Carrier Billing Inquiry - The total of lines 159 through 165. |
| 166. | Coin Collection and Administration includes expenses for the collection and counting of money deposited in public or semi-public telephones. |
| 167. | Total Local Business Office Expenses - The total of lines 130, 137, 144, 151, 158, 165 and 166. |

| LINE | DESCRIPTION |
|---|---|
| | Category 2 - Customer Service Expenses |
| | The expenses in this category are separated on the basis of a Job Function analysis. |
| | Message Processing Expense includes the salary and machine expense of data processing equipment. |
| 168. | Toll Ticketing Processing Expense is allocated between the state and interstate jurisdictions on the basis of the relative number of toll messages. |
| 169. | Local Message Processing Expense is assigned to the exchange operation. |
| 170. | Total Message Processing Expense - The total of lines 168 and 169. |
| 171. | Other Billing and Collecting Expense includes the salary expense and the machine expense of data processing equipment and is segregated on the basis of the relative number of users in the study area. |
| 172. | Carrier Access Charge Billing and Collecting Expense includes the revenue accounting functions associated with the billing and collecting of access charges to interexchange carriers. These charges are assessed for the origination or termination of intrastate services in a particular state. |
| 173. | Total Customer Service Expenses - The total of lines 170 through 172. |
| | Category 3 - All Other Customer Service Expenses |
| 174. | All Other Customer Service Expenses are apportioned on the same basis as in categories 1 and 2. |
| 175. | Total Customer Operations Expenses - The total of lines 115, 116, 121, 167, 173 and 174. |

| LINE | DESCRIPTION |
|---|---|

Corporate Operations Expenses

Corporate Operations Expenses are carried in account 6710, a summary of accounts 6711 and 6712, and 6720, a summary of 6721 through 6728.

176. Executive and Planning Expenses are apportioned among the operations on the basis of the separation of the combined cost of plant specific expenses excluding accounts 6110 and 6120, plant non-specific expenses included in account 6530, and customer operations expenses.

General and Administrative Expenses are carried in Account 6720.

177. EAS settlements are directly assigned to the exchange operation.

178. All other expenses in this account are apportioned among the operations on the basis of the separation of the combined cost of plant specific expenses excluding accounts 6110 and 6120, plant non-specific expenses included in account 6530, and customer operations expense.

179. Total General and Administrative Expense - The total of lines 177 and 178.

180. Total Corporate Operations Expenses - The total of lines 176 and 179.

181. Total Operating Expenses - The total of lines 92, 93, 97, 100, 101, 102, 105, 114, 175 and 180.

Operating Taxes

Operating Taxes are reflected in account 7200, a summary of accounts 7210 through 7250.

182. Operating Investment Tax Credits are apportioned among the operations on the basis of the separation of account 2001, Telecommunications Plant-in-Service.

183. Operating Federal Income Taxes are apportioned among the operations on the basis of the approximate net taxable income applicable to each of the operations.

LINE DESCRIPTION

184. Operating State and Local Income Taxes are apportioned among the operations on the basis of the approximate net taxable income applicable to each of the operations.

185. Operating Other Taxes should be directly assigned to the appropriate jurisdiction where possible. Where direct assignment is not feasible, these expenses should be apportioned among the operations on the basis of the separation of the cost of Telecommunications Plant in Service.

186. Provision for Deferred Income Taxes - This account shall be charged or credited when applicable and shall be apportioned on the basis of the approximate net taxable income applicable to each of the operations.

187. Total Operating Taxes - The total of lines 182 through 185, plus or minus line 186, as applicable.

188. Equal Access Expenses include only initial incremental presubscription costs and other initial incremental expenditures related directly to the provision of equal access, that would not be required to upgrade the capabilities of the office involved absent the provision of equal access. These expenses are apportioned between the jurisdictions by segregating them from all other expenses in the primary accounts and then allocating them on the same basis as equal access investment.

**Revenues**

Operating Revenues

Basic Local Service Revenues are carried in account 5000, a summary of accounts 5001 through 5069.

189. Local Private Line Revenues from Broadcast Transmission are assigned to the interstate operation.

190. Origination/Termination of Interstate FX or CCSA-Like Services shall be assigned to the interstate jurisdiction.

191. Wideband Message Service and TWX are apportioned between state and interstate operations on the basis of the relative number of TWX minutes-of-use in the study area.

| LINE | DESCRIPTION |
| --- | --- |
| 192. | All Other Revenues are assigned to the exchange operations based on their subsidiary record categories or on the basis of analysis and studies. |
| 193. | Total Basic Local Service Revenues - The total of lines 189 through 192. |
| | Network Access Service Revenues are carried in account 5080, a summary of accounts 5081 through 5084. |
| 194. | End User Revenue, account 5081, is assigned to the interstate operation. |
| 195. | Switched Access Revenue, account 5082, is assigned to the interstate jurisdiction. |
| 196. | Special Access Revenue, account 5083, is assigned to the interstate operation. |
| 197. | State Access Revenue, account 5084, is assigned to the state operation. |
| 198. | Total Network Access Service Revenues - The total of lines 194 through 197. |
| | Long Distance Message Revenue is carried in account 5100, a summary of accounts 5110, 5120, 5160 and 5169. |
| 199. | Wideband Message Service revenue is apportioned between state and interstate operations on the basis of the relative number of minutes-of-use in the study area. |
| 200. | TWX revenue is apportioned between state and interstate operations on the basis of the relative number of minutes-of-use in the study area. |
| 201. | Long Distance Private Line Service Revenue from broadcast program transmission audio services and broadcast program transmission video services is assigned to the interstate operation. |
| 202. | All Other Revenue in this account is directly assigned based on subsidiary record categories or on the basis of analysis and studies. |

| LINE | DESCRIPTION |
|---|---|
| 203. | Total Long Distance Message Revenue - The total of lines 199 through 202. |
| | Miscellaneous Revenue is carried in accounts 5230 through 5270. |
| 204. | Directory Revenues are assigned to the exchange operation. |
| 205. | Billing and Collection Revenues are assigned on the basis of services being provided. |
| 206. | All Other Revenues are apportioned on the basis of analysis. |
| 207. | Total Miscellaneous Revenue - The total of lines 204 through 206. |
| 208. | Uncollectible Revenue is carried in account 5300, a summary of accounts 5301 and 5302. These amounts are apportioned among the operations on the basi; |

| LINE | DESCRIPTION |
|---|---|
| 211. | Interest and Related Items are carried in Account 7500. Only interest paid relating to capital leases is considered in this account for separations purposes. Subsidiary record categories should be maintained for this account that include details relating to interest expense on capital leases. Such interest expense is apportioned on a basis consistent with the associated capital leases in Account 2681. |
| 212. | Extraordinary Items are carried in Account 7600. Amounts in this account of an operating nature are apportioned on a basis consistent with the nature of these items. |
| 213. | Income Effect of Jurisdictional Ratemaking Differences is carried in Account 7910. Amounts in this account are directly assigned to the appropriate jurisdiction. |
| | **Reserves and Deferrals** |
| 214. | Other Jurisdictional Assets - Net, Account 1500, includes the cumulative impact on the assets of jurisdictional ratemaking practices which vary from those of this Commission. Amounts in this account are separated based upon analysis of the specific items involved. |
| 215. | Accumulated Depreciation, Account 3100, includes the accumulated depreciation associated with the investment contained in account 2001, Telecommunications Plant in Service. Amounts in this account shall be separated on the basis of the separation of the associated primary Plant Accounts or related categories, excluding amortizable assets. |
| 216. | Accumulated Depreciation-Property Held for Future Telecommunications Use, Account 3200, includes the depreciation associated with the investment contained in account 2002, Property Held for Future Telecommunications Use. Amounts in this account are apportioned among the operations on the basis of the separation of the costs of the related items carried in account 2002. |

| LINE | DESCRIPTION |
|---|---|
| 217. | Accumulated Amortization-Tangible, Account 3410, includes the accumulated amortization associated with the investment contained in account 2681, Capital Leases; and Account 3420, includes the accumulated amortization associated with the investment contained in account 2682, Leasehold Improvements. Amounts in these accounts are separated on the basis of the separation of the related accounts. |
| 218. | Accumulated Amortization-Intangible, Account 3500, includes the accumulated amortization associated with the investment contained in account 2690, Intangibles. Amounts in this account are separated on the basis of the separation of account 2690. |
| 219. | Accumulated Amortization-Other, Account 3600, includes the accumulated amortization associated with the investment contained in account 2005, Telecommunications Plant Adjustment. Amounts in this account are separated on the basis of the separation of account 2005. |
| 220. | Net Current Deferred Operating Income Taxes, Account 4100, 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 differentials authorized by this Commission and not provided for elsewhere. Amounts in this account are maintained by plant account and are apportioned among the operations on the basis of the separations of the related plant accounts. |
| 221. | Net Noncurrent Deferred Operating Income Taxes, Account 4340, 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. Amounts in this account are maintained by plant account and are apportioned among the operations on the basis of the separations of the related plant accounts. |
| 222. | Other Jurisdictional Liabilities and Deferred Credits-Net, Account 4370, include the cumulative impact on liabilites and deferred credits of the jurisdictional ratemaking practices which vary from those of this Commission. Amounts in this account are separated based upon an analysis of the specific items involved. |

| LINE | DESCRIPTION |
|---|---|
| | **Factors** |
| | The following descriptors are of factors used in the assignment of separations and, therefore need not be broken out among the columns in this chart. |
| 223. | Directory Assistance Weighted Standard Work Seconds are measures of use for apportioning the costs of separate directory assistance boards. |
| 224. | Calls Received over Toll Directory Assistance Trunks - Directory assistance weighted standard work seconds are first classified between calls received over toll directory assistance trunks from operators or customers and all other directory assistance calls. |
| 225. | Directory Assistance Calls - The directory assistance weighted standard work seconds of each type are further classified among the operations on the basis of an analysis of a representative sample of directory assistance calls of each type with reference to the locations of the calling and called stations for each call. |

## COLUMN DESCRIPTIONS

b. Total Unseparated - This column represents that amount in each category which must be allocated between state and interstate jurisdictions.

c. State - This amount represents that portion of each category that is allocated to the state jurisdiction for which this schedule is being filed, pursuant to Part 36 of our Rules.

d. Interstate - This amount represents that portion of each category that is allocated to the interstate jurisdiction, pursuant to Part 36 of our Rules.

e. Common Line - This amount represents that portion of each category applicable to the total of end user common line charges and carrier common line charges. An end user common line charge is assessed upon end users who subscribe to local exchange telephone service, Centrex or semi-public coin telephone service to the extent that they do not pay carrier common line charges. A carrier common line charge is assessed upon all interexchange carriers who use local exchange common line facilities for the provision of interstate or foreign telecommunications service.

f. Switching - This amount represents that portion of each category applicable to local switching charges which are assessed upon all interexchange carriers who use local exchange switching facilities for the provision of interstate or foreign service.

g. Local Transport - This amount represents that portion of each category applicable to charges assessed upon all interexchange carriers who use switching or transport facilities that are apportioned to the Transport element or elements for purposes of apportioning net investment.

h. Information - This amount represents that portion of each category applicable to charges assessed upon all interexchange carriers who are connected to assistance boards through interexchange directory assistance trunks.

i. Special Access - This amount represents that portion of each category applicable to the total of all sub-elements that have been established for the use of equipment or facilities assigned to the Special Access element for purposes of apportioning net investment.

j. Total Access - This amount is the total of columns e through i.

## APPENDIX E

**Part 0 of 47 CFR is amended as follows:**

1. The authority citation for Part 0 continues to read:

**AUTHORITY: Sec. 5, 48 Stat. 1068, as amended; 47 U.S.C. 155, unless otherwise noted.**

2. Section 0.291(b) is amended by changing the words "and (3) act" to "(3) act" and by adding the following at the end of the paragraph as follows:

**0.291 Commission Organization**

* * * * *

(b)***; "and (4) approve or prescribe the specific data to be entered on and the computer format and media for, common carrier reports filed pursuant to the provisions of Part 43 of this chapter."

3. Part 43, Reports of Communications Common Carriers and Certain Affiliates, is amended as follows:

4. The authority citation for Part 43 continues to read:

**AUTHORITY: Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154, unless otherwise noted. Interpret or apply secs. 211, 219, 48 Stat. 1073, 1077, as amended, 47 U.S.C. 211, 219, 220.**

5. Section 43.21 is amended by revising the second sentence of paragraph (a) and adding new paragraphs (e) and (f) to read as follows:

**43.21 Annual Reports of Carriers and Certain Affiliates**

(a)*** Except as provided in paragraphs (c), (e) and (f) of this section, each annual report required by this section***

* * * * *

(e) Each communications common carrier required by order to file a manual allocating its costs between regulated and nonregulated operations shall file, no later than December 1 of each year, on computer media prescribed by the Commission, a forecast of regulated and nonregulated use of network plant investment for the following year.

(f) Each local exchange carrier with annual operating revenues in excess of $100 million shall file, no later than April 1 of each year, reports showing: (1) its revenues, expenses and investment for all accounts established in Part 32 of this chapter, on an operating company basis; (2) the same Part 32 data on a study area basis, with data for regulated and nonregulated operations for those accounts which are related to the carrier's revenue requirement; and (3) the separations categories on a study area basis, with each category further divided into access elements and a nonaccess interstate category.

6. Section 43.22 is added as follows:

**43.22 Quarterly Reports of Communication Common Carriers**

Each local exchange carrier with operating revenues for the preceding year in excess of $100 million shall file, by March 31, June 30, September 30 and December 31 of each year, a report showing for the previous calendar quarter its revenues, expenses, taxes, plant in service, other investment and depreciation reserves, and such other data as is required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: state and interstate, and the interstate will be further divided into common line, traffic sensitive access, special access, and nonaccess.

### FOOTNOTES

[1] Automated Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Parts 31, 43, 67, and 69 of the FCC's Rules), FCC 86-227 (hereinafter, the *NPRM)*. Comments were due on June 30, 1986, with reply comments due on July 15, 1986.

[2] We proposed to modify two sections of our rules: Section 1.785, 47 C.F.R. §1.785, which lists the forms to be used for filing annual financial reports with this Commission, and Section 43.21, 47 C.F.R. §43.21, which specifies the companies that are required to file Section 1.785 reports.

[3] USOA refers to the Uniform System of Accounts which telephone companies must use to record their operating results. Currently the USOA is contained in Part 31 of our rules. A revised USOA, codified at Part 32, is scheduled to replace Part 31 on January 1, 1988. *See* Revision of the Uniform System of Accounts for Class A and Class B Telephone Companies, CC Docket 78-196, 51 Fed. Reg. 43498 (December 2, 1986). Jurisdictional separations refers to our Part 67 procedures for apportioning the costs recorded in the USOA between state and interstate jurisdictions. New procedures, adopted as Part 36, will replace Part 67 on January 1, 1988. *See* Amendment of Part 67 (new Part 36) of the Commission's Rules and Establishment of a Federal-State Joint Board, 2 FCC Rcd 2639 (1987). Our Part 69 access charge rules govern the calculation of the costs recoverable through access charges for the use of LEC services and facilities in originating or terminating interstate telephone calls. Those rules also apportion interstate LEC costs to a regulated interexchange category and an unregulated billing and collection category. 47 C.F.R. §69.

[4] Tier 1 carriers are defined as those companies having more than $100 million in total company regulated revenues, as determined by the 1984 Annual Statistical Volume II of the USTA Statistical Reports of Class A and B telephone companies for the year 1983. Commission Requirements for Cost Support Material to be filed with Access Tariff on March 1, 1985, Public Notice, Mimeo No. 2133, released January 25, 1985 (January *25, 1985 Public Notice)*. Class A companies are defined in Part 31 as all telephone companies with annual operating revenues exceeding $250,000. 47 C.F.R. 31.01-1. Class A companies are defined in

Part 32 as all telephone companies with annual revenues from regulated telecommunications operations of $100 million or more for five consecutive years. 47 C.F.R. §32.11.

[5] *See* Separation of Costs of Regulated Telephone Service from Costs of Nonregulated Activities, CC Docket No. 86-111, 2 FCC Rcd 1298 (1987) (hereinafter *Joint Cost Order).*

[6] *See* Amendment of Part 65, Interstate Rate of Return Prescription: Procedures and Methodologies to Establish Reporting Requirements, 1 FCC Rcd 952 (1986) (hereinafter *Rate of Return Order).*

[7] MTS and WATS Market Structure, CC Docket No. 78-72, *(Third Report and Order)* 93 FCC 2d 241 (1983), *modified on recon.*, 97 FCC 2d 682 (1983), *modified on recon* 97 FCC 2d 834 (1984), *aff' d in principal part and remanded in pdrt sub nom.* National Association of Regulatory Utility Commissioners v. FCC, 737 F. 2d 1095 (D.C. Cir. 1984), *cert. denied*, 469 U.S. 1227 (1985), *modified on further reconsideration*, 99 FCC 2d 708 (1984), 101 FCC 2d 1222 (1985), *aff' d on further reconsideration*, 102 FCC 2d 849 (1985), *petitions for review pending*, People of California v. FCC, No. 84-1124 (D.C. Cir., petition filed Apr. 2, 1984), and AT&T v. FCC, No. 84-1148 (D.C. Cir., petition filed Apr. 16, 1984).

[8] The LECs recover their interstate access costs through charges to interstate carriers for completion of long distance calls and through a charge to local telephone subscribers for use of local facilities apportioned to the interstate jurisdiction. Interstate access tariffs specify both the charges for access services (elements) that the LECs offer interstate carriers and the end user common line charge levied on local telephone subscribers. The carriers' carrier charges include elements for limited pay telephone, carrier common line, line termination, local switching, intercept, information, common transport, dedicated transport, and special access. End users may also order special access directly. An annual filing is mandatory.

[9] Carriers may also file revisions at any time during the year.

[10] *See* Commission Requirements for Cost Support Material to be Filed with Access Tariffs on October 3, 1986, Mimeo No. 6356, (released August 15, 1986).

[11] *See* Section 61.38(b)(1) of this Commission's Rules, 47 C.F.R. § 61.38(b)(1), which requires each dominant carrier having annual gross revenues in excess of $500,000 to submit the following material, including complete explanations of the basis for the estimate, when submitting a tariff change: (i) cost of service studies for all tariff elements for the most recent 12-month period; (ii) a study containing a projection of costs for a representative 12-month period; and (iii) estimates of the effects of the proposed changes on the traffic and revenue for the service to which the changes apply, the carrier's other service classifications, and the carrier's overall traffic and revenues. These estimates must include the projected effects on the traffic and revenues for the same representative 12-month period used in (ii) above.

[12] *Rate of Return Order, supra.* The first rate of return reports were due on March 31, 1987, for the monitoring period ending December 31, 1986.

[13] The enforcement period for rate of return is two years, coinciding with the two-year prescription period for the effectiveness of the authorized rate of return established under Part 65 of our rules. *See* Authorized Rates of Return for the Interstate Services of AT&T Communications and Exchange Telephone Carriers, CC Docket No. 84-800, FCC 85-458, 50 Fed. Reg. 33786 (August 21, 1985).

[14] "Incidental" activities refer to activities such as tree trimming that the telephone carriers have performed incidental to their regulated activities.

[15] The USOA accounts which feed into the separations process, and which thus form the basis for ratebase regulation, have traditionally been described as "above-the-line" or "ratemaking" accounts, while accounts which are not separated between the jurisdictions are described as "below-the-line." An "above-the-line" cost is presumptively allowable for ratemaking purposes and a "below-the-line" cost is presumptively excluded. The USOA has always contained "below-the-line" accounts for non-incidental, non-ratebase activities.

[16] Regulatory and Policy Problems Presented by the Interdependence of Computer and Communications Services and Facilities, Tentative Decision, 28 FCC 2d 291 (1970); Final Decision and Order, 28 FCC 2d 267 (1971), *aff'd and reversed in part sub nom.* GTE Service Corporation v. FCC, 474 F.2d 724 (2d Cir. 1973); *decision on remand*, 40 FCC 2d 293 (1973).

[17] We did not address the Bell System in this *Order* because we assumed that the Bell Companies were barred from offering nonregulated data processing services by the 1956 Consent Decree. *See* United States v. Western Electric, 13 RR 2143, 1956 Trade Cas. 71, 134 (D.N.J. 1956).

[18] Amendment of Section 64.703 of the Commission's Rules and Regulations *(Computer II)*, 77 FCC 2d 384, *modified on recon.*, 84 FCC 2d 50, (1980), *further modified on recon.* 88 FCC 2d 512 (1981), *aff' d subnom.* Computer and Communications Indus. Ass'n v. FCC, 693 F.2d 198 (D.C. Cir. 1982), *cert. denied* 461 U.S. 938 (1983), *aff'd on second further recon.*, FCC 84-190 (released May 4, 1984). *See also* Policy and Rules Concerning the Furnishing of Customer Premises Equipment, Enhanced Services and Cellular Communications Equipment by The Bell Operating Companies, 95 FCC 2d 1117 (1984), *aff' d sub nom.* Illinois Bell Telephone v. FCC, 740 F.2d 465 (7th Cir. 1984), *aff'd on recon.*, FCC 84-252, 49 Fed. Reg. 26056 (1984), *aff'd sub nom.* North American Telecommunications Association v. FCC, 772 F.2d 1282 (7th Cir. 1985); and Procedures for Implementing the Detariffing of Customer Premises Equipment and Enhanced Services (Second Computer Inquiry), Fifth Report and Order, FCC 84-547, 49 Fed. Reg. 46378 (November 26, 1984).

[19] The *Computer I* distinction between communications and data processing proved to be difficult to enforce in practice. *Computer II* adopted a new definitional dichotomy in which basic service covered traditional common carrier transmission services and enhanced services covered all other services.

[20] Other, smaller carriers were allowed to provide CPE and enhanced services without structural separation, because we believed that, for them, the cost of structural separation exceeded its benefits.

[21] Furnishing of Customer Premises Equipment and Enhanced Services by American Telephone and Telegraph Company, 102 FCC 2d 655 (1985); and Furnishing of Customer Premises Equipment and Enhanced Services by the Bell Operating Companies and the Independent Telephone Companies, 2 FCC Rcd 143 (1987) (*BOC Structural Relief Order.*)

[22] Amendment of Section 64.702 of the Commission's Rules and Regulations (Third Computer Inquiry), Phase I, CC Docket No. 85-229, Report and Order, 104 FCC 2d 958 (1986), *recon.*, 2 FCC Rcd 3035 (1987).

[23] *Joint Cost Order, supra*, at paragraph 284.

[24] Each cost allocation manual must include the following: (1) a description of each of the company's nonregulated activities; (2) a list of all the activities to which the company now accords incidental accounting treatment, and the justification for such treatment; (3) a chart showing all of its corporate affiliates; (4) a statement identifying affiliates that engage in, or will engage in, transactions with the carrier entity as well as descriptions of the nature, terms, and frequency of such transactions; and (5) detailed

specifications of the cost categories to which amounts in each USOA account or subaccount will be assigned and of the basis on which each cost category will be apportioned. *Joint Cost Order*, *supra*, at paragraph 240.

[25] *Joint Cost Order*, *supra*, at paragraph 232.

[26] This Commission decided that many of the plant investment allocations should be based upon demand forecasts. Forecasts were used as the primary basis for plant investment allocations instead of the more prevalent actual use factors. *Joint Cost Order*, *supra*, at paragraphs 167-172.

[27] *Joint Cost Order*, *supra*, at paragraph 242.

[28] Briefly, costs flow through the regulatory process as follows: from the USOA, which records all telephone company operating costs; through our Joint Cost rules, which remove from the USOA data preemptively deregulated and nonregulated costs; through our Separations rules, which remove the costs of providing services within the jurisdiction of state regulatory authorities; and, finally, to our Access Charge rules, which, after eliminating Billing and Collection costs and apportioning interexchange category costs, prescribes the allocation of the remaining costs between access elements.

[29] The following parties filed comments: The Ameritech Operating Companies (Ameritech); The Bell Atlantic Telephone Companies (Bell Atlantic); BellSouth Corporation (BellSouth); Central Telephone Company; Cincinnati Bell Telephone Company; Contel Corporation; The GTE Telephone Companies (GTE); MCI Telecommunications(MCI); Nevada Bell and Pacific Bell; The NYNEX Telephone Companies (NYNEX); Southern New England Telephone Company; Southwestern Bell Telephone Company (SWB); United States Telephone Association (USTA); United Telephone System, Inc. (UTS); and The Mountain States Telephone and Telegraph Company, Northwestern Bell Telephone Company, and Pacific Northwest Bell Telephone Company (US West).

[30] Replies were filed by Ameritech, Bell Atlantic, BellSouth, GTE, MCI, NYNEX, SWB, USTA, UTS and US West.

[31] The report's authors included representatives from the FCC, AT&T, various LECs, other common carriers, USTA, the American Institute of Certified Public Accountants (AICPA), and the National Association of Regulatory Utility Commissioners (NARUC).

[32] *See* Report to the Telecommunications Industry Advisory Group from the Automated Regulatory Information Reporting System Subcommittee, dated December 7, 1984, accompanied by a letter to Gerald Vaughan from Eve Kimble.

[33] Format means the manner in which the data is organized. Media refers to the physical characteristics of the filings, for example, floppy disk, magnetic tape, or direct electronic submission.

[34] *See* note 4, *supra*.

[35] *See* note 10, *supra*.

[36] A study area usually consists of a telephone company's service territory in a given state, although telephone companies occasionally have more than one study area in a particular state. For carriers operating in a single state such as Illinois Bell, the discussion in the remainder of this paragraph is irrelevant, because company-level and study-area-level reports would be identical.

[37] Study area data are explicitly required throughout our jurisdictional separations rules, both in Part 67, *see e. g.*, 47 C.F.R. 67.124(b), (c) and in Part 36. *See e. g.*, 47 CFR 36.121(c), 36.124(b), 36.125, 36.157. Our 1987 TRP specifically required study area data in Commission Requirements for Cost Support Material To Be Filed with Access Tariffs on October 3, 1986, *supra*. Study area data are implicitly required for much of the accounting data because the data must be segregated by study area before the jurisdictional separations rules can be applied.

[38] It is necessary that carriers maintain on a study area basis, all data that are an integral part of their revenue requirement or are needed to determine the revenue requirement, or to evaluate a carrier's rate of return. Examples of such data are depreciation expense because it is a part of a carrier's revenue requirement, fixed charges because they are needed to forecast a carrier's revenue requirement, and interstate access revenues because they are needed to monitor a carrier's actual rate of return. It is not necessary to provide data on a study area basis when such data are not related to the ratemaking process, for example: Current and Noncurrent Assets (Accounts 1120 - 1500), Current Liabilities (Accounts 4010 - 4130), Long Term Debt (Accounts 4210 -4270), Stockholders Equity (Accounts 4510 - 4550).

[39] In order to allow comparisons between study area and company level reports, all study area reports will be accompanied by a company level report that aggregates the study area data to the company level.

[40] *See* USTA Proposal for Automated FCC Reporting at Appendix A, Section 3.

[41] For example, our jurisdictional separations rules do not require that each of the cable accounts be assigned to the state and interstate jurisdictions. Rather, they require that the carriers determine in the aggregate how the investment in all cables is assigned and allocated to the jurisdictions.

[42] Bell Atlantic stated in its comments that it had made 17 access tariff revisions to the October 1985 access charge filing by May of 1986. (*See* Bell Atlantic Comments, p.5.)

[43] *See* MCI Comments at page 4. MCI based its 10 to 22 month estimate on the following example: Assume that the automated reports were filed in April 1986, containing data for January through December of 1985, and that access tariffs are scheduled to be filed on October 1, 1986, with an effective date of January 1, 1987. On October 1, the point in time when current and reliable data are needed the most, a yearly automated report would contain data which is 10 to 22 months old.

[44] AT&T Comments, In the Matter of Annual 1985 Access Tariff Filings, CC Docket No. 86-125 Phase I, filed June 12, 1986.

[45] *See* note 40, *supra*.

[46] It should be noted that we are requiring carriers to file on a quarterly basis monthly data relating to switched access demand. *See* Appendix A.

[47] *Rate of Return Order*, *supra*, at paragraph 10.

[48] As can be seen on page 3 of Appendix A, we are also requiring carriers to report a small amount of demand data. These data will be used to facilitate inter-company comparisons and to aid in our assessment of carrier demand forecasts.

[49] *See* note 40, *supra*.

[50] *See* discussion in note 38, *supra*.

[51] 47 C.F.R. Section 0.461(h)(1).

[52] 47 C.F.R. Section 0.461(f).

[53] 47 C.F.R. Section 0.459(a).

[54] *See* Competitive Common Carrier, CC Docket No. 79-252, 85 FCC 2d 1, (1980) (*First Report and Order*).

[55] Because of the nature of local exchange and access services, this Commission concluded that small telephone companies are dominant in their fields of operation and therefore are not small entities as defined by the Regulatory Flexibility Act. *See* MTS and WATS Market Structure, CC Docket No. 78-72, 93 FCC 2d 241, 338-39 (1983). Thus, this Commission is not required by the terms of that Act to apply the formal procedures set forth herein. We

are nevertheless committed to reducing the regulatory burdens on small telephone companies whenever possible, consistent with our other public interest responsibilities. Accordingly, we have chosen to utilize, on an informal basis, appropriate Regulatory Flexibility Act procedures to analyze the effect of proposed regulations on small telephone companies.