Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

DA 89-503

In the Matter of:)
)
Revision of Annual Report Form M)

Memorandum Opinion and Order

Adopted: April 27, 1989 Released: May 12, 1989

By the Chief, Common Carrier Bureau:

I. Introduction

1. Under Part 43 of its Rules, Reports of Communications Common Carriers and Certain Affiliates, the Federal Communications Commission requires telephone companies to file certain financial, corporate, and statistical data on an annual basis.[1] The required form for such filings is entitled Annual Report Form M (Form M).[2]

2. On September 9, 1988, the Chief, Common Carrier Bureau, released an Order Inviting Comments (OIC) proposing revisions of Form M.[3] The revisions were proposed because recent changes in the Commission's accounting requirements for telephone companies had made the existing Form M obsolete, and a significant volume of information contained therein, while still necessary for regulatory purposes, could not be accommodated in the automated reporting and management information system (ARMIS) the Commission had adopted in CC Docket 86-182.[4] In the OIC, a total of 15 schedules were proposed for elimination. It was also proposed that four new schedules be added and that all other Form M schedules be revised and retained.

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1 47 C.F.R. §43.21.

2 See 47 C.F.R. §1.785(3).

3 Revision of Annual Report Form M, Order Inviting Comments, DA 88-1218 released September 9, 1988.

4 Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Parts 31, 43, 67 and 69 of the FCC's Rules) CC Docket No. 86-182, 2 FCC Rcd 5770 (1987) (ARMIS Order), modified on recon., 3 FCC Rcd 6375 (1988) FCC 88-311 (released October 14, 1988) ARMIS Reconsideration Order.

3. This Order establishes the new Form M based on the proposal in the OIC and the comments received. It eliminates 22 of the old Form M schedules. The information contained on these 22 schedules that is still needed for regulatory purposes is incorporated, for the most part, into six new replacement schedules. In addition, three entirely new schedules have been added. All other schedules are revised in varying degrees and retained. Viewed in terms of the number of schedules contained in the Form M, there is a reduction from 58 to 45. Also, the proposal to require certain depreciation data on proposed Schedule 14A on a state-by-state basis has not been adopted, thus greatly reducing the proposed volume of depreciation data.

II. Background

4. On September 17, 1987, the Commission released the ARMIS Order establishing ARMIS for local exchange carriers to provide for easy, Commission-wide access to reliable consistent data. Such automation was intended to make regulation of these companies more effective by facilitating the timely and efficient analysis of revenue requirements and rates of return, providing for an improved basis for audit and other oversight functions and enhancing the Commission's ability to quantify the effects of alternate policy proposals.

5. When the Commission established the initial requirements in the ARMIS Order, it also considered adopting the Form M *in toto* as part of the annual reporting requirement. However, it decided instead to identify, and require automation of, only the information for which automated reporting was most immediately important. It delayed the inclusion of the entire Form M in the automated reporting requirements, pending further study for four reasons: (1) the Form M was based on the old USOA accounting definitions; (2) some Form M schedules did not lend themselves to automation; (3) other schedules were too seldom used to justify automation; and (4) the Commission believed it should not impose additional reporting burdens unless a specific purpose would be served thereby.[5] In order to update the Form M and further accomplish its goal of automating data collection, the Commission directed the Bureau to review the current Form M to determine which schedules are no longer needed, which schedules require revision, and which new schedules must be added. The Commission also directed the Bureau to decide which schedules should be automated and to incorporate them in the automated reporting system.[6]

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5 *Id.* ARMIS Order at 5774-5.

6 *Id.* ARMIS Order at 5775. Authority to propose changes to the Part 43 reports, including the Form M, was delegated to the Common Carrier Bureau.

6. The Bureau issued the OIC on September 9, 1988, and interested parties were invited to provide comments by October 12, 1988 and reply comments by October 27, 1988. The reply comment date was later extended to November 4, 1988. Comments were received from 17 parties and reply comments were received from ten parties (see Attachment A).

7. Most parties generally supported the Bureau's efforts, but suggested that the Bureau did not go far enough in its effort to reduce reporting burdens and that several proposed schedules required additional explanation or modification before they could be completed and submitted properly.

8. We will address these concerns in succeeding paragraphs grouped according to the action we take with respect to existing schedules we eliminate or revise. With respect to the schedules we finally adopt as a part of the Form M (See Attachment B), carriers will notice that the schedule numbering scheme has been changed from the original proposal and that the carrier identification codes have been expanded to four spaces. We have changed the numbering system to avoid any lingering confusion between old and new Form M schedules using the same number. In renumbering the schedules we have used alphabetical prefixes to designate the orientation of the schedules. For example, the prefix A will be used for corporate and general information, B for balance sheet oriented schedules, I for income statement oriented schedules, and S for statistical schedules. The expansion of the carrier code spaces will permit use of the same ARMIS study area codes prescribed for operating companies that were recently established in Docket 86-182[7] and thereby set the stage for future incorporation of additional schedules into ARMIS.

III. Confidential Treatment of Reported Data

1. Proposal

9. The OIC did not propose confidential treatment of any of the data proposed in the revised Form M. AT&T, BellSouth, Pacific Telesis and SNET express concern about public disclosure of some of the data proposed to be reported in the revised Form M and recommend confidential treatment of the data about which they are concerned. AT&T is concerned about public disclosure of data required on numerous proposed schedules. Pacific Telesis is concerned about public disclosure of nonregulated revenues required on

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7 Automated Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Part 31, 43, 67 and 69 of the FCC's Rules) DA 88-2066, released January 6, 1989 (ARMIS USOA Order).

the proposed Schedule 11, Income Statement Accounts. In addition, both BellSouth and Pacific Telesis express concern about reporting investment data on proposed Schedule 17, Receivables and Investments - Affiliated and Nonaffiliated Companies. Finally, SNET alleges that reporting of membership fees and dues on proposed Schedule 42 is proprietary and should be held confidential.

2. Comments

10. AT&T argues that Schedule 10, Balance Sheet Accounts, and Schedule 14A, Analysis of Entries in Depreciation Reserve, would provide specific plant and equipment investment data which would provide its competitors with valuable information about its internal resource allocations and investment priorities. It also states that Schedule 11, Income Statement Accounts, would provide a detailed disaggregation of the sources of AT&T's revenues (e.g., long distance inward, long distance outward, long distance private network) and costs (e.g., analog electronic expense, digital electronic expense, operator systems expense) which would give competitors a useful profile of its costs of doing business and thereby cause AT&T competitive harm. AT&T lists 11 other schedules[8] that disclose network plant additions and retirements which it alleges would be competitively harmful if disclosed. Finally, AT&T identifies six schedules[9] that disclose sales and demand data which it claims would be competitively harmful if disclosed.

11. Pacific Telesis is concerned that Schedule 11, Income Statement Accounts would disclose information about its nonregulated products and services which would be competitively harmful. It acknowledges that the data reported for nonregulated services would be aggregated into a few accounts on the schedule. It claims, however, that in the early periods of providing competitive products, a carrier may have limited numbers of products and the proposed reporting may be insufficient to protect proprietary information even

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8 Schedule 12B, Analysis of Credits for Telephone Plant Retired; Schedule 12C, Analysis of Entries in Property Held for Future Telephone Use; Schedule 13A, Analysis of Telephone Plant Acquired; Schedule 13B, Analysis of Telephone Plant Acquisition Adjustments; Schedule 13C, Analysis of Telecommunications Plant Purchased From or Sold to Affiliates; Schedule 14C, Bases of Charges for Depreciation; Schedule 15, Analysis of Entries in Amortization Reserve; Schedule 22, Deferred Charges; Schedule 30A, Other Deferred Credits; Schedule 50, Outside Plant Statistics; and Schedule 56, Interstate Private Line Statistics.

9 Schedule 53, Telephone Calls; Schedule 57, Overseas Telephone and Related Services; Schedule 36A, Other Operating Taxes; Schedule 36B, Prepaid Taxes and Tax Accruals; Schedule 36D, Excise Taxes Collected from Users; and Schedule 40, Advertising.

when it is reported on an aggregated basis. If some material benefit to the Commission results from the reporting of nonregulated revenues in Form M, Pacific Telesis suggests that the Commission can permit a carrier to protect its information by using a method similar to that provided under the ARMIS reporting scheme, which it claims would be administratively preferable to the protection of confidential information available through Freedom of Information Act (FOIA) procedures established in the Commission's rules.[10] Also, Pacific Telesis claims that the reporting of nonregulated revenues could be eliminated from Form M without diminishing the information available to the Commission because the same information would be available in the ARMIS Quarterly Report and ARMIS USOA Report filings.[11]

12. BellSouth and Pacific Telesis both object to the disclosure of undistributed earnings or losses of affiliates on Schedule 17 for essentially the same reasons. Both allege the information is proprietary and not necessary for any regulatory purposes.[12] SNET believes information relating to membership fees and dues is not necessary for any regulatory purpose and believes this information should be granted proprietary treatment.[13]

3. Discussion

13. The concern of Pacific Telesis as it relates to Schedule 11 focuses on the disclosure of nonregulated revenues. Pacific Telesis acknowledges, however, that nonregulated revenues are aggregated on the proposed Schedule 11. In our view it would be a difficult task for competitors to relate specific revenues to particular nonregulated activities

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10 Pacific Telesis comments at 9. Under the ARMIS method, carriers submit two report versions, a public version and a confidential version. The public version simply does not contain the data for which the carrier is seeking proprietary treatment. The Commission's FOIA procedures referred to by Pacific Telesis are set out in 47 C.F.R. §0.461.

11 Id. at 8.

12 BellSouth reply comments at 2-3 and Pacific Telesis reply comments at 12.

13 SNET comments at 4. The information SNET believes is proprietary has been included in Form M reports for many years. SNET does not elaborate on what has occurred that would now warrant proprietary treatment nor does it make any allegation of competitive harm. As a result, in Section V-U of this Order we adopt the reporting of membership fees and dues substantially as proposed because these expenses are of interest for ratemaking purposes. See Amendment of Part 65 to Prescribe Components of the Rate Base and Net Income of Dominent Carriers, Report and Order 3 FCC Rcd 269 (1987).

from the data proposed in Form M. Moreover, we do not believe the procedures adopted for confidential treatment of data in ARMIS wherein sensitive data is deleted from a public version of the report would be desirable for Form M. The use of that methodology for confidential treatment would have undesirable consequences which would extend beyond the accounts over which Pacific Telesis expresses an immediate concern and would effectively end the usefulness of Schedule 11 to the public. For example, Account 5280, Other Nonregulated Revenue, cannot simply be unreported without having an effect on other amounts such as total operating revenues. If the correct total operating revenues were reported, one could simply deduct the sum of the other operating revenue accounts from total operating revenues to determine how much was omitted in Account 5280. Thus, the omission of one account would lead to the omission of other data or the unpalatable alternative of reporting incorrect totals, such as total revenues which in turn would yield an incorrect net income. For these reasons we will not follow the deletion procedures adopted in ARMIS for Form M purposes.

14. BellSouth and Pacific Telesis are concerned that Schedule 17 would disclose the reporting carriers' share of undistributed earnings or losses of affiliated companies, which they believe is proprietary and should not be available for public inspection. It is our view that this reporting is necessary in monitoring the provision of regulated services because it forms a part of the complete picture of the relationships between a carrier and its affiliates and because substantial and continuing losses of particular affiliates might otherwise go unnoticed until they achieved a potential for harm to the provision of regulated services. The comments of BellSouth and Pacific Telesis do not elaborate on why such reporting should be given confidential treatment. As a result, we will not establish such a policy here with respect to the earnings and losses of affiliates. Such issues are more appropriately addressed in a separate forum. If BellSouth, Pacific Telesis or any other carrier believes such disclosure would be harmful, they can request confidential treatment pursuant to the procedures described in Section 47 C.F.R. 0.459 of the Commission's rules.

15. AT&T has not presented a persuasive argument for confidential treatment of its Form M data. AT&T's recommendation for confidential treatment is much broader than the recommendations made by BellSouth or Pacific Telesis. AT&T recommends confidential treatment of data related to its regulated activities reported on 20 different schedules. Moreover, this information has been, for the most part, reported by AT&T for many years (including more than 5 years since divestiture) in only a slightly different format. Changes have largely been made to clarify definitions and to provide information consistent with the new USOA and current technology.

16. The information in the revised Form M is needed by this Commission to regulate the carriers' regulated activities. Moreover, the public has relied on Form M in the past to evaluate the carriers' operations and the results of regulation. We do not believe the changes proposed in this proceeding should be used as a basis of withholding the data. Such action would not only deprive the public of data it has relied upon in the past, it would also encumber this Commission's use and handling of the data in performing its regulatory functions. Accordingly, AT&T's recommendation for confidential treatment of Form M data will not be adopted. As with the other carriers, if AT&T believes that disclosure of specific information they are providing would be harmful, they can still seek relief pursuant to confidential treatment procedures described in Sections 47 C.F.R. 0.459 of the Commission's rules.

IV. General Information Schedules

1. Proposal

17. Form M currently contains the following General Information Schedules:

General Instructions
Schedule 1, Identity of Respondent
Schedule 2, Control Over Respondent
Schedule 3, Board of Directors
Schedule 4, Principal General Officers
Schedule 5, Voting Powers and Elections
Schedule 6, Stockholders
Schedule 7, Important Changes During the Year

18. The OIC proposed to retain these schedules but with appropriate modifications to correct references to make them consistent with rule changes such as the replacement of Part 31 with Part 32. It also proposed to eliminate the requirement to file Schedules 3 and 4 for individual respondents who (a) file individual Form 10-K/Annual Reports with the Securities and Exchange Commission (SEC) and (b) file a copy of the Form 10-K/Annual Report as an attachment to the Form M Report. Disclosures of Directors and Executive Officers in Form 10-K/Annual Reports include the name of the officers and directors, their ages, information on their terms of office and their positions with the company. It was tentatively concluded that these disclosures would be adequate for the Commission's regulatory purposes. Individual respondents who did not file Form 10-K/Annual Reports would be required to file Schedules 3 and 4 as shown in OIC Attachment C.

2. Comments

19. Commenting parties generally agree with the elimination of requirements to file Schedules 3 and 4 as proposed by the Bureau.[14] However,

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14 For example, Centel comments at 3; USTA comments Attachment 1, at 1.

USTA requests that the schedules proposed for use by carriers not filing SEC Form 10-K/Annual Reports be modified to include only the information reported in the Form 10-K, since the Bureau has tentatively concluded that the information in the Form 10-K is adequate for the Commission's regulatory purposes.[15] In addition, USTA recommends that companies with a single stockholder not be required to provide proposed Schedule 6, Stockholders. USTA contends that if a company is owned by a single stockholder then the name of the stockholder would be reported in Schedule 2, Control Over Respondent, as the entity controlling the carrier and would be reported again as the only stockholder on Schedule 6. USTA also requests that Item 3 of Schedule 7, Important Changes During the Year, be reworded to require that a service territory map be included only when changes in territory have occurred and that carriers be required to disclose any change in accounting standards adopted during the year.[16]

3. Discussion

20. Since commenting parties are in general agreement with the tentative conclusion that the information on directors and executive officers in the SEC Form 10-K/Annual Report could be used in place of the information on Schedules 3 and 4, we will not require those carriers who file an SEC Form 10-K/Annual Report at the operating company level to file Schedules 3 and 4, provided that they file an SEC Form 10-K/Annual Report with their Form M. We agree with USTA that Form M Schedules 3 and 4, in their proposed format, require information beyond what is submitted in the SEC Form 10-K/Annual Report. We do not believe this additional information is necessary. Therefore, we have decided to amend the schedules and the instructions so as to make information required in these schedules more comparable to the information on directors and executive officers contained in the SEC Form 10-K/Annual Report.

21. Thus, from proposed Schedule 3, we delete (1) the number of meetings attended during the year, (2) fees paid during the year, (3) number of directors provided for by the charter or by-laws, as amended, (4) number of directors required to constitute a quorum, and (5) a statement of the powers and duties of the executive committees. We also delete information from Schedule 4 that exceeded the information required in the SEC Form 10-K/Annual Report. Because these deletions greatly reduce the amount of information that we continue to collect on directors and officers, the remaining information has been combined into one schedule to be filed by companies not filing SEC Form 10-K/Annual Report. This new schedule, shown in

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15 Id. USTA.

16 USTA comments Attachment 2, at 1.

Attachment B of this Order, is entitled Schedule A-3, Board of Directors and General Officers.

22. Regarding Schedule 6, we agree that in the case of companies with a single stockholder, the name of the controlling company would be reported on both Schedules 2 and 6. However, we do not believe this is a sufficient reason for relieving these carriers from filing shareholder information, which we believe should remain an integral part of Form M. The requirement to identify one company on Schedule 6 does not appear to be a burdensome requirement. In the Form M Report shown in Attachment B, we have included this stockholder report as Schedule A-5 and will require it to be filed by all reporting companies.

23. Finally, we do not grant USTA's request that item 3 of Schedule 7 be reworded to require a new service territory map only when changes in territory have occurred. These service territory maps are useful to the Commission's staff and users of Commission public reference facilities. The current requirement to supply a service territory map when changes occur and in years ending in 0 or 5, is imposed because it matches with our cycle for retiring records to Federal Records Centers. The requirement to supply a service territory map every 5 years assures that a service territory map will appear with Form M Reports on hand and available for inspection at the Commission. Because this requirement assures the availability of a service territory map, we retain the existing requirement. We do, however, adopt USTA's suggestion that a requirement be added to report any change in accounting standards adopted during the year. We believe such a requirement will assist users of the Form M in understanding the reported financial results of operations. Following the new numbering format, this schedule is included in Attachment B as Schedule A-6.

V. Financial and Accounting Schedules

A. Overview

24. The current Form M has 42 schedules for filing financial and accounting data. These schedules include Schedule 10, Balance Sheet and Schedule 11, Income and Retained Earnings Statement. The remaining financial and accounting schedules provide detailed analyses of various balance sheet or income statement accounts. The OIC proposed a new expanded Schedule 10, Balance Sheet Accounts and expanded Schedule 11, Income Statement Accounts, which together would report all Part 32 account balances, as well as summary data on plant activity during the year and expense matrix data. It was tentatively concluded that, as proposed, the revised Schedules 10 and 11 would

eliminate the need for six of the supporting analytical schedules.[17] In addition, the OIC proposed revision, and in some cases elimination, of the remaining balance sheet and income statement supporting schedules. Because many comments were received on the various proposals, we have for purposes of presentation, grouped schedules according to the nature and extent of the comments received. A summary of the proposal, a summary of the comments, and a discussion are presented for each grouping.

B. Balance Sheet Accounts and Elimination of Certain Related Schedules

1. Proposal

25. In the OIC, we proposed the elimination of Schedule 12A, Analysis of Telephone Plant Accounts; Schedule 31, Retained Earnings Reserved; Schedule 32, Dividends Declared; and Schedule 33, Analysis of Entries in Other Capital and Retained Earnings Accounts. The data contained on these schedules that would still be needed for regulatory purposes would be captured on a revised multi-page Schedule 10, which would disclose year end balances for all balance sheet accounts and include beginning balances, additions, retirements, and transfers and adjustments for telecommunications plant accounts. Data on retained earnings and dividends would be included in space provided at the end of the proposed multi-page schedule.

2. Comments

26. SNET, SWB, GTE, Ameritech, Bell Atlantic and USTA note that proposed Schedule 10, Balance Sheet Accounts duplicates to a large extent the ARMIS USOA Report and believe that the Commission should eliminate this duplication.[18] Ameritech, USTA and SNET believe that by modifying the ARMIS USOA Report to include the plant account activity and retained earnings, the new Schedule 10 would be unnecessary.[19] USTA and SNET, however, prefer the elimination of the ARMIS USOA Report.[20]

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17 Schedule 12A, Analysis of Telephone Plant Accounts; Schedule 31, Retained Earnings Reserved; Schedule 32, Dividends Declared; Schedule 33, Analysis of Entries in Other Capital and Retained Earnings Accounts; Schedule 34, Other Revenues; and Schedule 35, Operating Expenses.

18 SNET comments at 3; SWB comments at 2; GTE comments at 4; Ameritech comments Attachment A; Bell Atlantic comments at 3; USTA comments Attachment 1, at 5; SWB reply comments at 2.

19 Ameritech comments Attachment A; USTA comments at 5; SNET comments at 3.

20 Similar comments were made with respect to proposed Schedule 11, Income Statement Accounts; See V-C of this Order.

27. Ohio agrees that new Schedule 10 can effectively replace the old Schedule 10.[21] However, both Ohio and NYDPS propose adding two additional column headings for certain pages to show the year-end balance from the preceding year or the beginning balance from the current year, and the increase or decrease in account balances from the preceding year. However, because of the change in the accounting system necessitated by the revised Part 32, which became effective January 1, 1988, Ohio believes the companies should be granted an automatic waiver from using these two additional columns in the first year the new Form M is in effect.[22] NYDPS suggests that the reporting of the beginning balances and changes from the preceding year should be restored to the proposed balance sheet because it believes this information would be especially useful for tracking the transition from the old accounts under Part 31 to the new accounts under Part 32. Further, NYDPS believes that this reporting should not be unduly burdensome since all carriers are required to transfer amounts contained in the old accounts to the new account structure.[23] In addition, NYDPS believes that including the complete list of the plant accounts and an analysis of plant activity on the balance sheet disrupts the flow of basic financial data and exceeds the general scope and purpose of a balance sheet statement. NYDPS contends such information is more appropriate for a supporting schedule.[24]

28. In response to NYDPS and Ohio requests for changes to Schedule 10, USTA contends that demands for restated prior year balances to track the changes from Part 31 to Part 32 would be most burdensome.[25] BellSouth believes that Form M will be automated in the future, and because of this it would serve no useful purpose to restate data from the preceding year since the data could be mechanically accessed and compared if necessary. BellSouth and NYNEX note that Ohio believes it is not feasible to compare 1987 data to 1988 data, because of the changeover in the accounting system necessitated

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21 Ohio comments at 3.

22 Id. at 3. Ohio would add these columns on pages 1, 4, and 5 of Schedule 10.

23 NYDPS comments at 9.

24 Id.

25 USTA reply comments at 6.

by the revised Part 32.[26] Several other commenting parties also made suggestions of a relatively minor editorial nature.

3. Discussion

29. The concerns the carriers have expressed over duplicative reporting were recently addressed in the ARMIS USOA Order released in Docket 86-182.[27] In the ARMIS USOA Order, we modified the ARMIS USOA Report (Form 43-02) by adding data on regulated plant accounts, the retained earnings account and the expense matrix required by Section 32.5999(f) of the Commission's rules. These changes, brought Tables I and II of the ARMIS USOA Report into alignment with what had been proposed, respectively, for Schedules 10 and 11 in the OIC. We also modified the ARMIS USOA Report filing requirements so that carriers may file a paper copy of the ARMIS USOA Report as a part of the regular Form M filing. The general instruction of the Form M that we adopt in this Order will incorporate ARMIS instructions by reference and permit carriers to identify Table I as Schedule B-1 and Table II as Schedule I-1. Thus, the concerns expressed by the carriers over duplication of these schedules should be resolved.

30. AT&T is not required to file the ARMIS USOA Report but is required to file the Annual Report Form M.[28] In meeting the obligation to file the Form M, we will require AT&T to file a paper copy of the ARMIS USOA Report in the format prescribed for the local exchange carriers in the ARMIS USOA Order. The ARMIS USOA Report, as we noted earlier, is now virtually identical to the new Schedules 10 and 11 we proposed in the OIC. For this reason, we do not believe this departure from the OIC will be prohibitively burdensome to AT&T. Moreover, as will be discussed elsewhere in this Order, this change would be in consonance with the Office of Management and Budget's request to incorporate as much of the Form M reporting as possible under the ARMIS umbrella.

31. In adopting the revised Form M, we are making a conscientious effort to balance the needs of users with the burdens we are imposing. The suggestions made by Ohio and NYDPS for additional columns on a multi-page

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26 BellSouth reply comments at 4-5; and NYNEX reply comments at 5.

27 See note 7, *supra*.

28 COMSAT also files a Form M Annually. In its comments COMSAT seeks clarification as to whether the proposed revised Schedules 10 and 11 are applicable to COMSAT. Since COMSAT is not required to adopt the Commission's Uniform System of Accounts, we will permit it to continue filing in the FORM M format they currently use.

schedule are clearly for the benefit of users and run counter to our effort to avoid duplication. If schedules were modified to include year end balances for the preceding year or the beginning balances for the year covered by the report, there would be a continuing duplication of information already reported for the preceding year for more than one hundred lines of data. If users are in need of this information they can simply refer to the reports of the preceding year from the ARMIS data base or the paper copy of the ARMIS USOA Report filed in the Form M for the preceding year. Even if we were to adopt the NYDPS suggestion to add columns for beginning balances and increases or decreases from the preceeding year, we see that a massive revision would be required to accomplish the Part 31 to Part 32 transition monitoring purpose that NYDPS describes. The year end balances for 1987 would not be satisfactory because they would not reflect the Part 32 accounting system which went into effect on January 1, 1988. In order to have any meaning, additional account numbers and account titles from Part 31 would have to be added, and they would be useful for only one year. Because of the unnecessary duplication and the burden that would be associated with trying to achieve the results desired by NYDPS, the suggestions for additional columns will not be adopted.

32. Also, we will not make the modifications suggested by NYDPS to move details on plant accounts to other supporting schedules. By including columns for additions, retirements and transfers and adjustments, we were attempting to minimize the number of Form M schedules needed to supplement ARMIS reporting. We recognize that the expanded plant account information will include details not normally set out in a balance sheet presentation. However, in this case, we believe the benefits of our efforts to maximize the usefulness of the ARMIS USOA Report outweigh any presentational benefit of having a more condensed balance sheet presentation that is different from the ARMIS Report and accompanied by additional supplemental Form M schedules.

C. Income Statement Accounts and Elimination of Certain Related Schedules

1. Proposal

33. In the OIC, we proposed elimination of Schedule 34, Operating Revenues and Schedule 35, Operating Expenses. The data contained on these schedules that would be needed for regulatory purposes would be captured on a new multi-page Schedule 11, which would include year-end data on all income statement accounts and include columns for expense matrix data on salaries and wages, benefits, rents, and other expenses as prescribed in 47 C.F.R. §32.5999(f).

2. Comments

34. Ohio suggests that the Commission make available plant specific operating expenses on an intrastate basis for those accounts where depreciation expense is included in expense clearing accounts with other expenses.[29] In reply, Ameritech notes that this is not possible because clearing accounts are not used to record depreciation expense under Part 32.[30] Pacific Telesis makes the same point contending that Part 32 does not require depreciation expense to be included in plant specific expense accounts. Pacific Telesis also believes this suggestion to obtain intrastate data is inappropriate because the Form M is the annual report of the carrier filed on a total company basis. The Ohio recommendation, Pacific Telesis contends, would require carriers to provide expense information solely to assist state regulators.[31]

3. Discussion

35. Ohio's suggestion goes well beyond the historical role of Form M, which has been geared to obtaining total company data, rather than intrastate data. Moreover, the specifics of the suggestion cannot be accomplished under the accounting requirements prescribed in Part 32 because, as the commenting carriers correctly note, depreciation expenses do not flow through clearing accounts before they are recorded in depreciation expense accounts. Therefore, we will not expand the ARMIS USOA Report as Ohio suggests. We will require a paper copy of the ARMIS USOA Report (Table II) identified as Schedule I-1 to be filed as a part of the revised Form M.

D. Reporting Changes in Financial Position

1. Proposal

36. In the OIC, we proposed a new Schedule 16, Statement of Changes in Financial Position. The schedule would identify sources and applications of funds and their effect on working capital during the year.

2. Comments

37. Arthur Andersen recommends that the proposed requirement for a Statement of Changes in Financial Position be changed to a Statement of Cash Flows.[32] Such a change would be in keeping with changes prescribed by the Financial Accounting Standards Board (FASB) for published financial statements and be in keeping with the Commission's efforts to follow generally accepted accounting principles to the extent regulatory considerations permit. Arthur

29 Ohio comments at 3.

30 Ameritech reply comments at 7.

31 Pacific Telesis reply comments at 4.

32 Arthur Andersen comments at 1-2.

Andersen cites Statement of Financial Accounting Standards No. 95, Statement of Cash Flows (SFAS-95),[33] wherein the FASB concluded that a Statement of Cash Flows provided useful information about an entity's activities in generating cash through operations to repay debt, distribute dividends, or to reinvest to maintain or expand operating capacity. Further, Arthur Andersen also notes the FASB conclusion that a Statement of Changes in Financial Position does not provide users of financial statements with the same information since its focus is on changes in working capital, which does not necessarily equate with an entity's ability to generate cash.

38. USTA urges that the proposed Schedule 16 either not be adopted or be replaced by a Statement of Cash Flows.[34] Among the commenting carriers, the sentiment is the same.[35] In the comments, attention is also drawn to the fact that a Statement of Cash Flows is included as a part of the SEC Form 10-K.[36]

39. Arthur Andersen and the other commenting parties also mention that the FASB pronouncement permits an option as to presentation. One presentation approach shows major classes of gross cash receipts and gross cash payments (the direct method). The other reconciles net income to net cash flows from operating activity (the indirect method).[37] USTA alleges that the indirect method would be the least burdensome since most companies have adopted this method for external reporting purposes.[38]

3. Discussion

40. We have concluded that it is appropriate to require a Statement of Cash Flows rather than the Statement of Changes in Financial Position originally proposed. The Statement of Cash Flows will replace the Statement of Changes in Financial Position in financial statements issued to the

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33 SFAS-95 became effective for financial statements published for fiscal years ending after July 15, 1988.

34 USTA reply comments at 8-9.

35 BellSouth comments at 6; Contel reply comments at 2; and Pacific Telesis comments at 6-7.

36 Arthur Andersen comments at 1; SWB comments at 2; SNET comments at 3; BellSouth comments at 6; USTA comments at 8; Centel comments at 3; and Pacific Telesis comments at 6.

37 Arthur Andersen comments at 2.

38 USTA comments Attachment 1, at 4.

investment community for calendar year 1988. A Statement of Cash Flows has the advantage of a more refined focus on items which are usually a more accurate barometer of a company's ability to meet its obligations, distribute dividends, and make future investments.

41. Although SFAS-95 provides options for presentation of cash flows (i.e. direct method versus indirect method), we have decided, in the interest of uniformity and comparability, to specify a presentation approach. The information provided on this schedule will be used to make comparisons among carriers and to compile summaries of reported information. We believe our ability to use the information in these ways would be compromised unless a format is prescribed using a single presentation approach. Because, as USTA points out, most carriers have used the indirect approach, we have developed a schedule format which incorporates this approach and include it in Attachment B as Schedule B-2, Statement of Cash Flows. In certain circumstances we will accept the Cash Flow Statement contained in the SEC Form 10-K. These circumstances will occur when a carrier files its SEC Form 10-K on an operating company level, supplies a copy of their SEC Form 10-K filing and follows the indirect approach using the identical format shown on Schedule B-2 for its SEC Form 10-K. When this occurs the carrier need not complete the schedule but would annotate that it is identical to the Cash Flow Statement filed in its SEC Form 10-K.

E. Reporting of Investments and Receivables

1. Proposal

42. In the OIC, we proposed to combine certain data contained on Schedule 17, Investments, Schedule 20, Notes Receivable, and Schedule 21, Accounts Receivable, into a single schedule identified as Schedule 17, Receivables and Investments - Affiliated and Nonaffiliated Companies. The revised Schedule 17 would require individual disclosure of investments in and receivables from all affiliates and eliminate individual reporting of receivables from nonaffiliates.

2. Comments

43. Ohio disagrees with the proposed consolidation. Ohio believes that valuable and necessary information would be lost if the three existing schedules were combined into one.[39] However, Ohio does not specifically mention what important information would be lost. NYDPS believes that this consolidation results in an overcrowded schedule that does not include essential information now being reported on the current Schedule 17.[40] The

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39 Ohio comments at 4.

40 NYDPS comments at 5.

proposed schedule makes no distinction between permanent investments and advances; does not disclose earnings/losses of affiliates; nor does it disclose additions and dispositions during the year. In addition, NYDPS believes that the consolidation of Schedules 20 and 21 into one schedule would be acceptable only with the provision that activity data, rather than year end balances, become the focus of the new schedule. Because it does not focus on activity data, NYDPS believes that this schedule is inadequate to monitor the flow of funds between the regulated entity and its affiliates. NYDPS states that this is a concern that caused the Commission to restructure its accounting guidelines specifically to discourage such abuses.

44. NYDPS recommends that the Commission retain the existing Schedule 17, and modify it to show (a) the method of accounting for investments (cost or equity), (b) equity in the earnings of affiliates accounted for under the "equity method", and (c) dividends declared by affiliates being accounted for under the "equity method".[41] NYDPS further recommends that the receivables and allowance for uncollectibles on the proposed Schedule 17 be reported on a separate schedule and disaggregated between affiliated and nonaffiliated companies. In addition, NYDPS requests that receivables from nonaffiliates be separately identified for the ten largest accounts. NYDPS believes that this recommendation will ensure continuity between the data reported on Schedule 17 and the accounts receivable data on old Schedule 21. It further recommends that receivables data be revised to include the beginning balances, average month end balance outstanding, aggregate debit/credit activity, and ending balances for each affiliate, the ten largest nonaffiliates and all other nonaffiliates in the aggregate. NYDPS believes that this level of detail will highlight collection practices and potentially help reveal whether affiliates are receiving favorable treatment vis-a-vis nonaffiliates. NYDPS believes that this level of detail is necessary to satisfy the Commission's stated intent to deter cross-subsidies to affiliates and will improve the regulators' oversight capabilities.[42]

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41 Under the "cost method", the investor records the investment at cost. The net accumulated earnings of an investee subsequent to the date of the investment are recognized by the investor only to the extent distributed by the investee as dividends. Under the "equity method", the investor records the investment at cost, but adjusts the carrying amount to reflect its share of the earnings or losses of the investee after the date of acquisition. Generally accepted accounting principles (GAAP) require the use of the "equity method" when the investor has the ability to exercise significant influence over the operating or financial policies of the investee.

42 NYDPS comments at 13-14.

45. USTA asserts that NYDPS has sought more detail than what is contemplated for this schedule. USTA believes that its own proposal would achieve one end sought by the NYDPS, i.e., the segregation of affiliate from non-affiliate transactions.[43] Pacific Telesis contends that information on earnings and losses of affiliates is not necessary for the Commission to effectively monitor a company's rate of return, profitability, financial risk, and growth.[44] Pacific Telesis and BellSouth believe that information, such as earnings and losses of affiliates is proprietary and should not be available for public inspection.[45]

46. US West believes NYDPS performs a disservice by implying that an expansion of Form M is necessary to ensure that telephone companies are complying with the Commission's Part 32 rules on affiliate transactions. US West believes that the Commission's Joint Cost Proceeding adopted the necessary accounting safeguards in order to monitor compliance.[46] Ameritech contends that NYDPS is more concerned with monitoring the adequacy of the Commission's procedures to monitor compliance with its affiliate transactions rules than it is with the content of the Form M.[47] NYNEX contends that NYDPS would improperly burden Form M with information maintained and reported by carriers in other mechanisms already prescribed by the Commission.[48] BellSouth notes that existing Schedules 20 and 21 were both on an "end of period" basis and that activity underlying these schedules was never reported on the Form M schedules we proposed to replace.[49] Finally, BellSouth states that Part 32 of the Commission's rules does not require the disclosure of earnings or dividends of affiliates.[50]

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43 USTA reply comments at 9.

44 Pacific Telesis reply comments at 12.

45 Id. at 12. BellSouth reply comments at 2-3. The matter of confidential treatment is dealt with in Section III of this Order.

46 US West reply comments at 3.

47 Ameritech reply comments at 7.

48 NYNEX reply comments at 4. Also see Bell Atlantic reply comments at 1. NYNEX specifically mentions Cost Allocation Manuals required to be filed with the Commission that detail the nature, frequency and terms of affiliated transactions and the requirements for the performance of attestation audits.

49 BellSouth reply comments at 2.

50 Id. at 2-3.

47. USTA is concerned that on the proposed Schedule 17, the Commission is requiring the respondents to further subdivide nonaffiliates between those in which a carrier has an ownership interest and those in which a carrier does not.[51] USTA, BellSouth and SWB believe that such a subdivision goes beyond the scope of Part 32.[52] BellSouth and SWB also state that it does not presently require maintenance of the level of detail such a subdivision would require and suggests the requirements in the second and third sentences of Instruction 5 for the proposed Schedule 17 be omitted.[53] USTA suggests that the Commission establish a floor limit for reporting separate affiliate balances. It requests the Commission to set the limit at $1 million, an amount that represents, by definition, under 1 per cent of the gross operating revenues of the reporting carrier.[54] BellSouth also requests the Commission to require reporting of affiliate receivable balances only for amounts of $1 million or more.[55] Centel suggests that the threshold level for Schedule 17 should be $100,000.[56] AT&T believes the Commission should use the $1 million threshold suggested by USTA for separate reporting of affiliate balances in Schedule 17.[57]

3. Discussion

48. It is clear from the comments that modification of the schedule would yield substantial improvements and place the Commission in a better position to evaluate investments in affiliated companies. The overcrowding problems NYDPS suggests are easily overcome if the column headings and the line items are switched. We will require "equity method" affiliates and "cost method" affiliates to be reported in separate schedules identified as Schedules B-3a and B-3b. In the format we are prescribing, as many as nine affiliated companies can be accommodated on a single sheet of Schedule B-3a. As many as eight "cost method" affiliates would be reported individually and

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51 USTA comments at 7-8.

52 Id. at 7-8; BellSouth comments at 7; SWB comments Appendix 1, at 4.

53 BellSouth reply comments at 3; SWB comments Appendix 1, at 4.

54 USTA comments at 8. This calculation is based on the gross operating revenue threshold for filing the Form M.

55 BellSouth comments at 6.

56 Centel comments at 6.

57 AT&T reply comments at 2.

all nonaffiliated companies would be reported in the aggregate in the ninth column of Schedule B-3b.[58] Additional sheets may be used as necessary. This format will permit us to add individual lines for the equity in undistributed earnings or losses, preferred stock, and long-term debt as NYDPS has suggested for affiliates accounted for under the "equity method". Furthermore, the format will continue to provide us with the ability to relate this investment information with receivables, dividend and interest information, and temporary investments for a single affiliate, as we contemplated in the proposal.

49. We will not adopt the NYDPS suggestion to place information relating to notes receivable and accounts receivable on a separate schedule. The depth of a company's commitment to an affiliated company is not measured solely in terms of its investment in securities, but should also consider accounts and notes receivable and other temporary investments. We include this information on accounts and notes receivable and dividends from affiliates on Schedules B-3a and B-3b as shown in Attachment B. On Schedules B-3a and B-3b, we adopt the NYDPS suggestion to add information on gross debits and gross credits in notes and accounts receivable accounts and other asset accounts customarily used in transactions with affiliates (Accounts 1180, 1190, 1200 and 1210). We do so because it will be useful in determining the dollar volume of transactions taking place between the carriers and affiliated companies that would not be discernible from balances reported at year end. We do not include on this schedule information on related allowances for uncollectibles which will be reported on a separate schedule in the revised Form M Report.

F. Assets Purchased From or Sold to Affiliates

1. Proposal

50. In the OIC, we proposed to add Schedule 13C, Analysis of Telecommunications Plant Purchased From or Sold To Affiliates to assist the Commission in the monitoring of transactions between affiliates which are governed by rules established in CC Docket No. 86-111.[59] Specifically, this schedule was designed to collect separately, by affiliate, data on sales between the reporting company and its affiliates, which were included in Account 2001, Telecommunications Plant in Service, at any time during the year.

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58 We will also correct the instructions to reflect no further segregation of nonaffiliated companies on this schedule.

59 Separation of costs of regulated telephone service from costs of nonregulated activities. Report and Order, 2 FCC Rcd 1298 (1987), recon., 2 FCC Rcd 6283 (1987), modified on further recon., 3 FCC Rcd 6701 (1989).

2. Comments

51. None of the commenting parties object to the addition of this schedule. However, several parties suggest expansion or clarification of the schedule. NYDPS maintains that this schedule lacks essential information on the nature of the transaction and the basis for determination of fair market value.[60] NYDPS recommends that the Commission modify the instructions and title of this schedule to require that all asset transfers, not just the transfer of telecommunications plant, should be reported. In addition, NYDPS recommends that (1) the schedule should be expanded to accommodate and identify the reporting of asset transfers recorded at tariff rates or prevailing prices as permitted in Section 32.27(b); (2) column (b) should be expanded to include a description of the asset; and (3) the source of the information reported in the column for fair market value, should be provided in a footnote reference. Ohio suggests that column (e) --Other -- as well as column (g) -- Fair Market Value -- be explained by footnote.[61] Finally, Centel requests a clarification of the instructions for this schedule to explain exactly which transactions are to be included.[62]

52. Several carriers in their reply comments rebut NYDPS's suggestions for additional data on this schedule. Ameritech and BellSouth state that carriers already file information concerning the nature, terms and frequency of transactions with affiliates in their cost allocation manuals.[63] Further, BellSouth states that the attestation audit reviews required by the Commission will ensure compliance with these methods.[64] USTA also maintains that information to be provided on the schedule should be limited to Account 2001, Telecommunications Plant in Service.[65] USTA claims that the inclusion of "all asset transfers" in this schedule as requested by NYDPS would encumber the Commission's ability to monitor other plant asset transfer. Finally, AT&T asserts that NYDPS provides no support as to how this additional information would serve any of the Commission's regulatory purposes.[66]

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60 NYDPS comments at 7.

61 Ohio comments at 6.

62 Centel comment at 4.

63 Ameritech reply comments at 6; BellSouth reply comments at 3.

64 BellSouth reply comments at 3.

65 USTA reply comments at 7.

66 AT&T reply comments at 5.

3. Discussion

53. We have considered NYDPS's suggestions that this schedule be expanded to include all asset transfers and services between affiliates. We believe reporting of services provided and received goes beyond what could be accommodated on the proposed schedule. Proposed Schedule 13C is geared toward obtaining data on asset transfers, in the aggregate, by account. Since this is the case, we will not adopt any suggestion to expand it to cover services. We will consider the reporting of services in our discussion of proposed Schedule 43. We will also not require on this schedule reporting of the basis for the determination of the fair market value since, as a practical matter, purchases involving a particular account may involve many different sources for determinations of fair market value. We will not modify the Form M reporting to such an extent that it would include data related to individual transactions. It was intended instead to provide an overview of the nature and volume of plant and equipment being transferred.

54. While much of the NYDPS and Ohio suggestions go beyond what was initially proposed and will not be adopted here,[67] we do adopt the suggestions to expand the schedule to include all asset transfers because it would provide useful information. It will enable us to compare actual activity with the general information contained in cost allocation manuals. We therefore, redesignate proposed Schedule 13C as Schedule B-3c and revise the title and instructions to include all asset transfers by account. We do not believe such an expansion will be unduly burdensome or hamper our ability to monitor other plant sales and purchases.

G. Uncollectible Accounts

1. Proposal

55. In the OIC, we proposed to require carriers to report on Schedule 21 data relating to activity during the year in Account 1181, Accounts Receivable Allowance-Telecommunications, and Account 1191, Accounts Receivable Allowance-Other. The proposed schedule generally followed the same format as old Form M Schedule 21A, Reserve for Uncollectible Accounts, but data for Accounts 1181 and 1191 were to be reported in separate columns to distinguish between telecommunications receivables and other receivables.

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67 In the schedule we adopt, we do not require a footnote explaining the source of "fair market value" as suggested by NYDPS and Ohio, and Centel would not be required to report each purchase transaction, but rather a total of all transactions by affected account.

2. Comments

56. In its comments in connection with Schedule 17 (Section V-E of this Order), NYDPS expresses a concern over possible discriminatory treatment with respect to amounts due from affiliates vis-a-vis amounts due from others and suggests that reporting of uncollectibles parallel reporting of receivables on a different schedule. NYDPS also recommends that the proposed schedule on uncollectibles be renumbered so as not to be confused with old Form M Schedule 21, which dealt with receivables.[68]

3. Discussion

57. In our earlier discussion of proposed Schedule 17, we conclude that data on receivables from affiliates and nonaffiliates should be reported on the Schedules B-3a and B-3b we finally adopt, and that data on allowances for uncollectibles would be included on a separate schedule. We agree with NYDPS that there should be a parallel between reporting of receivables and reporting of allowances for uncollectibles. We therefore expand the schedule on allowances for uncollectibles to include allowances for notes receivable reported on Schedules B-3a and B-3b. We will not further subdivide the columns to distinguish between affiliates and nonaffiliates. The schedule does, however, require carriers to disclose at the bottom of the schedule the portion of any accrual reported on line 2 that is attributable to affiliate receivables. It also requires at the bottom of the schedule disclosure of any affiliate receivables written off during the year. Receivables due from affiliates could otherwise be written off during the year without disclosure. The schedule we adopt with respect to uncollectibles is incorporated in Attachment B as Schedule B-4.

H. Telecommunications Plant in Service Retired

1. Proposal

58. In the OIC, we proposed to bring Schedule 12B forward from the old Form M. This schedule shows the accounts involved in recording retirement entries broken down between plant sold with traffic and other plant retired. The schedule is useful in determining amounts charged to accumulated depreciation and amortization accounts, and other accounts used to record "above the line" and "below the line" gains or losses.

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68 NYDPS comments at 13-14.

2. Comments

59. USTA comments that proposed Schedule 12B is redundant because, for the most part, it will duplicate information already reported on other schedules. According to USTA, this will occur because the amounts reported are almost entirely composed of depreciation charges, which would be reported in the proposed Schedule 14A, Analysis of Entries in Accumulated Depreciation or in the format we prescribe for balance sheet accounts.[69]

3. Discussion

60. Contrary to USTA's comments, this schedule would not be redundant with the format we have prescribed for the balance sheet accounts (ARMIS USOA Report) since that format makes no distinction between plant sold with traffic and other plant retired. Moreover, the retirements reported in the ARMIS USOA Report do not match the debits and credits in all of the accounts involved in recording the retirements. While it is true that most charges will involve the accumulated depreciation accounts, many do not, and the purpose of this schedule is to give a complete picture of the distribution of these charges, which may receive different treatment for ratemaking purposes. Finally, as will be discussed later, we have amended our proposed Schedule 14A, Analysis of Entries in Accumulated Depreciation to eliminate breakdowns between plant sold with traffic and other plant retired. Thus, no redundancy will occur with respect to this schedule and proposed Schedule 14A. For these reasons we include the proposed Schedule 12B in Attachment B, but redesignate it as Schedule B-5a.

I. Depreciation Schedules

1. Proposal

61. In the OIC, we proposed gathering detailed depreciation data on two schedules. These schedules were proposed as Schedule 14A, Analysis of Entries in Accumulated Depreciation and Schedule 14C Bases of Charges for Depreciation. As proposed, Schedule 14A was a detailed eight-page analysis of changes in accumulated depreciation during the year. Starting with accumulated depreciation balances for each plant in service account at the beginning of the year, it would show increases and decreases during the year and would provide detailed information on components of decreases related to plant sold with traffic and other plant retired. Separate schedules would be filed on a state-by-state basis and for the overall (company-wide) operations of the carrier.[70] Proposed Schedule 14C was to provide information

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69 USTA comments Attachment 1, at 2.

70 For example, if a carrier operated in two states, it would file one

on depreciation methods, depreciable lives, reserve percentages and depreciation rates by account for the different classes and subclasses of depreciable plant. As with Schedule 14A, we proposed that carriers provide separate schedules on a state-by-state basis for each state in which the carrier operates and for company-wide operations. Both schedules followed the format of schedules in the existing Form M, but in the existing Form M, these schedules are required on a company-wide basis only.

2. Comments

62. Schedule 14A. SWB, NYNEX, GTE, US West, USTA, and BellSouth believe that reporting of information in this schedule should be at the company-wide level. They believe that reporting this information on a state-by-state basis as well as for company-wide operations dramatically increases the reporting burden.[71] SWB in its reply comments holds that the state-by-state data requirements for Schedule 14A should be eliminated since the reporting on this schedule on a state-by-state basis has no apparent purpose.[72] AT&T believes that requiring carriers to provide state-by-state disaggregations of depreciation is of questionable value because in setting rates the Commission uses nationwide projection lives and the accounting practices of many state commissions differ greatly from the accounting practices of the Commission. AT&T also believes that disaggregating data on a state-by-state basis would impose especially onerous reporting obligations in its case.[73]

63. In contrast, Ohio supports state-by-state reporting but believes that "jurisdictional" and "nonjurisdictional" data should be reported separately.[74] In its reply comments, Ameritech says it is unclear what Ohio means by "nonjurisdictional" data and expresses support for reporting combined interstate and intrastate data in each jurisdiction.[75] Finally, USTA, in an

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schedule for each state and one for company-wide operations -- a total of 3 schedules.

71 SWB comments Appendix 1, at 2; NYNEX comments at 2-3; GTE comments at 7; US West comments at 2-3; USTA comments Attachment 1, at 3; and BellSouth comments at 3.

72 SWB reply comments at 6.

73 AT&T comments at 5 and AT&T reply comments at 6.

74 Ohio comments at 8.

75 Ameritech reply comments at 8. Ameritech also makes several suggestions to clarify reporting instructions in its comments, Attachment A, at 2.

Attachment to its comments, offers extensive editorial suggestions, the most notable of which are the elimination of separate detailed data on plant sold with traffic and other plant retired, and the combination of "other charges" and "other credits" into a single column.[76]

64. Schedule 14C. For the most part commenting parties support reporting of proposed Schedule 14C on a state-by-state basis, but question the necessity of company-wide information in the performance of our regulatory activities.[77] These parties point out that rates are set on a state-by-state basis and company-wide rates are not meaningful. In contrast, US West believes proposed Schedule 14C should be filed only at a company-wide level and sees no need for state-by-state data because the Commission receives very detailed information from the companies for triennial reviews and for any technical updates.[78] AT&T believes it should be permitted to provide Schedule 14C on a company-wide basis because the Commission prescribes AT&T's depreciation rates using nationwide projection lives.[79] Bell Atlantic and USTA believe the instructions should be modified to make it clear that only interstate depreciation rates should be shown on Schedule 14C,[80] and Ameritech suggests that the instructions be modified to make clear that the accumulated reserve percentages, rather than any modified, theoretical or adjusted percentage shall be reported.

3. Discussion

65. We review depreciation studies and set depreciation rates for local exchange carriers on a state-by-state basis. Except for updates, the rates for these carriers are reviewed on a three-year rotating basis. Periodic represcriptions of depreciation rates also apply to AT&T's interexchange companies individually.[81] In between the scheduled reviews,

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76 USTA comments Attachment 2, Schedule 14A.

77 SWB comments Appendix 1, at 2; BellSouth comments at 3; USTA comments Attachement 1, at 4; and NYNEX reply comments at 7; More precisely, NYNEX mentions that New York Telephone provides service in a very small portion of Connecticut that is combined with New York data for ratemaking purposes and feels it would be burdensome to report separately on very limited Connecticut operations (NYNEX comments at 2-3), but that it would not object to reporting by state. (NYNEX reply comments at 7).

78 US West comments at 3.

79 AT&T comments at 5.

80 Bell Atlantic comments at 4; USTA reply comments at 8.

81 See Prescription of Revised Percentages of Depreciation for American

the state-by-state depreciation data we envisioned would provide useful information in a consistent format for analytical purposes and be useful in communicating with state commissions on depreciation matters. However, in light of the comments, we conclude that our immediate needs could be met in the least burdensome way by having carriers report the data we proposed for Schedule 14A on a company-wide basis[82] and limit the state-by-state reporting to the data we proposed for Schedule 14C. In the revised Form M shown in Attachment B, we require Schedule B-5b, Analysis of Entries in Accumulated Depreciation to be filed on a company-wide basis.

66. In the interests of minimizing Form M reporting burdens, we also adopt USTA's suggestion to eliminate the separate detailed reporting of plant sold with traffic and other plant retired on Schedule B-5b. Our review of the Form M Reports filed in recent years reveals that the columns for plant sold with traffic are used infrequently. Our earlier decision to have this information reported on new Schedule B-5a, Analysis of Telecommunications Plant in Service Retired, will provide us with a trigger for further inquiry should the need for more detailed information arise. We believe this would be preferable to requiring recurrent submission of those pages with columns for plant sold with traffic that would be unpopulated with data. This decision will enable us to eliminate column (g) on pages 2 and 6 of the eight-page schedule we originally proposed. Elimination of columns used to summarize amounts reported in other columns (for example, column (e) for total credits and column (j) for total charges) will enable us to accommodate on 2 pages what had been proposed for pages 1 and 2, and 5 and 6. The decision to eliminate details on plant sold with traffic will enable us to eliminate pages 3 and 7. These changes and others of a relatively minor editorial nature will leave the four-page schedule shown as Schedule B-5b in Attachment B.

67. Information we proposed for Schedule 14C is to be reported on Schedule B-5c as shown in Attachment B. We require reporting for this schedule on a state-by-state basis but not on a company-wide basis. In contrast with the original proposal, Schedule B-5c has additional columns for depreciation expense broken down between the regular depreciation expense and the portion attributable to the amortization of reserve deficiencies and (3) for the average plant balance and the composite rate. In changing the

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Telephone and Telegraph Company's 22 interexchange companies pursuant to the Communications Act of 1934, as amended, Order FCC 89-29, adopted January 30, 1989.

82 With respect to Schedule 14A, Ohio's comments on state-by-state reporting of "jurisdictional" and "nonjurisdictional" data and Ameritech's expression of support for combined interstate and intrastate reporting on a state-by-state basis are no longer relevant because of our decision to require company-wide data only.

reporting instructions, we clarified the point raised by Ameritech as to what should be included in accumulated depreciation percentages. In response to Bell Atlantic's and USTA's suggestions, the instructions for this schedule will also make clear that the depreciation rates reflect the rates prescribed by this Commission. AT&T's comment that the use of nationwide projection lives negates the value of this schedule is without merit. Even though nationwide projection lives are used in setting rates, our periodic represcription of depreciation rates applies to AT&T's interexchange companies individually, and we expect the results reported on Schedule B-5c by AT&T will differ from state to state.

J. Property Held for Future Use

1. Proposal

68. In the OIC, we proposed to bring existing Schedule 12C, Analysis of Entries in Property Held for Future Telephone Use forward into the revised Form M. Like its Part 31 predecessor, the proposed schedule would disclose the original cost of property owned and held for no longer than two years for future use in telecommunications services. The schedule would be used to monitor the Commission's rate base rules under Part 65[83] and provide, with respect to items amounting to $100,000 or more, information on initial recording dates, additions, retirements, and transfers and adjustments that exceed $5,000.

2. Comments

69. USTA suggests that this schedule can be eliminated because a summary level of the detail to be reported would be included on the proposed balance sheet (ARMIS USOA Report). If the schedule is retained, USTA urges that limits for individual items to be reported be raised from the proposed $100,000 to a threshold of $1 million or more.[84] USTA believes a new higher limit would be more in keeping with higher prices for properties normally reported on this schedule. USTA also believes that in conjunction with raising the limit for individually reported items, the limit for reporting individual adjustments and transfers should be raised from $5,000 to $250,000.[85]

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83 47 C.F.R. §65.820(a) allows property recorded in this account to be included in a carrier's rate base.

84 USTA comments Attachment 1, at 2.

85 Id.

3. Discussion

70. This schedule is needed for rate base monitoring purposes. This cannot be accomplished from the summary level reported in the ARMIS USOA Report, which does not include information with respect to how long an item has been held in the account, or information on transfers or adjustments. Thus, we include the data proposed for Schedule 12C in Attachment B as Schedule B-6a. In the new Schedule B-6a we do not adopt USTA's suggestion to raise the threshold for items to be individually reported to $1 million, since our own review of Form M indicates that few, if any items would be reported if the threshold is raised to that level. However, our change does include a higher limit for the reporting of transfers, adjustments and corrections because we believe a $10,000 limit bears a more appropriate relationship (10 percent) to the items to be reported individually. Our main purpose here is to avoid unnoticed reclassifications and adjustments, which could be used as a mechanism to hold dollars in this account beyond the time limits prescribed in Part 32. We believe a $10,000 limit is sufficient for that purpose.

K. Plant Acquisitions and Plant Acquisition Adjustments

1. Proposal

71. In the OIC, we proposed Schedule 13A, Analysis of Telecommunications Plant Acquired, which would show property acquisitions including the acquisition expense. It would also show the disposition of the amounts initially recorded in Account 1439, Other Deferred Charges, and subsequently transferred to plant or expense accounts. We also proposed Schedule 13B, Analysis of Telephone Plant Adjustment, which would continue our ability to analyze adjustments that are recorded when plant is acquired from another carrier at a price in excess of the net book value of the plant on the books of the carrier from which it was acquired.

2. Comments

72. USTA urges the elimination of proposed Schedules 13A and 13B.[86] USTA notes that 47 C.F.R. Section 32.2000(b)(4), requires carriers to submit for Commission consideration and approval the journal entries made to record acquisitions of plant in excess of $1 million. USTA also notes that summary totals on additions, retirements and transfers are summarized in balance sheet accounts reported in the ARMIS USOA Report. USTA indicates these would include major acquisitions recorded on proposed Schedules 13A and 13B.

86 USTA comments Attachment 1, at 3.

3. Discussion

73. As proposed in the OIC, Schedule 13A, Analysis of Telecommunications Plant Acquired, requires respondents to report separately each plant acquisition for which an amount was included in Account 1439, Other Deferred Charges. Schedule 13B, Analysis of Telephone Plant Adjustment, requires respondents to report additions to and reductions from Account 2005, Telecommunications Plant Adjustment. Upon further examination, we conclude that proposed Schedule 13A is not necessary since amounts recorded in Account 1439 are not included in the rate base until they are transferred to telecommunications plant accounts. When they are transferred to plant accounts, they are reported by account on Schedule B-1. Thus, we are not requiring the proposed Schedule 13A. We will however, continue to need the information concerning telecommunications plant adjustments proposed to be reported on Schedule 13B. This schedule tracks amounts recorded in Account 2005 to their ultimate disposition. This cannot be accomplished using the journal entries on acquisitions which carriers submit under the requirements of Section 32.2000(b)(4). Because this Commission has historically held that telecommunications plant adjustments should not be allowed in the rate base unless a carrier can specifically justify the amounts, it is important that we receive an analysis of the activity in Account 2005 provided by Schedule 13B. Therefore, we retain Schedule 13B but in keeping with the new schedule numbering system we redesignate it as Schedule B-6b.

L. Capital Leases

1. Proposal

74. In the OIC, we proposed a new Schedule 12D, Capital Leases. For capital leases, the proposed schedule would require disclosure of the capitalized amounts, the accumulated amortization, the lease obligation broken down between current and noncurrent amounts, and a breakdown of lease cost components expensed during the year (amortization, interest, and other expenses borne by the lessee).

2. Comments

75. USTA notes an apparent contradiction in the proposed reporting instructions which makes it unclear whether data on capital leases should be reported at the account level or by plant category. USTA believes that such detail is not required to be maintained under Part 32 of the Commission's rules at the account level or by plant category. Further, USTA asserts that no useful purpose would be served by reporting related expenses at the account level or by plant category and, in addition, suggests the deletion of the columns requiring disclosure of lease cost components expensed during the

year.[87] BellSouth states that its capital leases are detailed by broad plant categories and not at the account level. BellSouth further states that the data proposed for lease obligations and lease cost components are available only in total and are not available by plant category or plant account level.[88] Centel also believes that the USOA does not require recordkeeping by class of plant.[89] Both Centel and BellSouth claim that providing such detail will create a significant additional accounting and reporting burden and Centel suggests that we eliminate this schedule. NYDPS favors classification of capital leases by account. NYDPS asserts that leased plant has the same characteristics as owned plant and should be reported at the same level of detail as owned plant at the account level.[90] Ohio supports adoption of Schedule 12D, as proposed.[91]

76. In reply, USTA contends that there is no need for the level of detail NYDPS suggests,[92] and NYNEX asserts that NYDPS has not demonstrated any benefits which would overcome the additional burdens of the increased reporting.[93]

3. Discussion

77. At the time Part 32 was adopted, investments in capital leases were not expected to constitute a significant portion of the carriers' rate base.[94] However, there are indications from Tariff Review Plans filed with the Commission that capital lease activity, as an alternative means of financing the acquisition of assets, is expanding.[95] For this reason, we

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87 USTA comments at 7. In reply comments, USTA concedes reporting by plant category should be sufficient. USTA reply comments at 7.

88 BellSouth comments at 5-6.

89 Centel comments at 4.

90 NYDPS comments at 6-7.

91 Ohio comments at 6.

92 USTA reply comments at 7.

93 NYNEX reply comments at 3.

94 See Revision of the Uniform System of Accounts for telephone companies to accommodate generally accepted accounting principles (Part 31, 33, 42, and 43 of the FCC's Rules) 50 Fed.Reg. 48408, November 25, 1985.

95 Comparison of 1988 Tariff Review Plan COS 1p 32 line 650 with 1989 Tariff Review Plan COS 1p line 440.

find it necessary to obtain more detail regarding the investment in capital leases.

78. Leases are capitalized because they result in the acquisition of assets through transactions that are comparable to purchases. When viewed in that context, the assets acquired under capital leases should be distinguished from one another in a manner that is similar to owned property and equipment. The original intention was to have capital leases reported by plant category. The instructions did not, however, define the term plant category. In order to clarify what was intended for the purposes of reporting on proposed Schedule 12D, we will require reporting at the Class B account level prescribed in Section 32.2000 (j) for Accounts 2110 through 2410. This does not seem to be an overly burdensome requirement since for separations purposes, Account 2681, Capital Leases, is required to be separated on the basis of like owned equipment or by special study.[96] The fact that Part 32 does not explicitly require parallel distinctions for property under capital leases is irrelevant. Over the years we have frequently obtained detailed data in Form M, which has not been the subject of explicit segregations in Part 31.

79. With respect to the reporting of lease obligations and annual lease cost components, several parties suggest that this information be reported in the aggregate for all capital leases because it would be a burdensome requirement to relate the portion of the schedules dealing with the future obligations to particular asset categories. There are two steps involved here. The first step is the process of sorting capital leases by plant category, in this case at the Class B account level. The second step is the process of relating the liability and annual expenses to the particular leased assets. Fundamental logic suggests some relationship should already exist. It is difficult to perceive carriers not establishing a relationship between particular leased assets and periodic lease payments. If such a relationship does not exist, it should be established. We therefore do not delete the columns provided for lease obligations and annual lease cost components as USTA and others have suggested. We will adopt the schedule as it was proposed, but redesignate it as Schedule B-7 with appropriate amendment of the instructions for clarifying the degree of segregations.

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96 47 C.F.R. §36.161 (b).

M. Deferred Charges and Deferred Credits

1. Proposal

80. In the OIC, we proposed bringing these schedules forward from the old Form M Report. On proposed Schedule 22 respondents would report individual items and amounts recorded at the end of the year in Account 1438, Deferred Maintenance and Retirements and Account 1439, Other Deferred Charges, when the amount of the item is $100,000 or more. All other items would be reported in the aggregate. On proposed Schedule 30A, respondents would report individual items and amounts recorded at the end of the year in Account 4360, Other Deferred Credits, when the amount of the item was $1 million or more. All other items would be reported in the aggregate.

2. Comments

81. SNET and USTA note that these schedules cover balance sheet counterparts and that there is an inconsistency in thresholds for reporting individual items. Both SNET and USTA recommend that the limitation for individually reported items on proposed Schedule 22 be raised to match the $1 million threshold for proposed Schedule 30A.[97]

3. Discussion

82. We proposed to retain the $1 million reporting threshold for deferred credits reported on proposed Schedule 30A because at this level carriers would be relieved from reporting numerous items of little consequence. At the same time, the Commission would be provided with a fair presentation of the consequential items.

83. We believe the same results can be achieved for deferred charges and on the schedule we finally adopt as Schedule B-8 we revise the instructions to require the carriers to report only those items which amount to $1 million or more at year end. Thus the reporting threshold for deferred charges reported on Schedule B-8 and deferred credits reported on Schedule B-13 as shown in Attachment B are the same. We will also restrict reporting on new Schedule B-8 to items recorded in Account 1439 since items recorded in Account 1438 are not items of the type customarily included among deferred charges.

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97 SNET comments at 4. USTA comments Attachment 1, at 4.

N. Accounts Payable

1. Proposal

84. In the OIC, we proposed to bring forward from the old Form M report, with some modifications, Schedule 29. This schedule detailed the list of the ten largest items recorded in Part 31, Account 159.1, Accounts Payable, to Affiliated Companies, and Account 159.2, Other Accounts Payable, that amount individually to $1 million or more. In Part 32, Account 4010 is used to record all amounts currently due to others for recurring trade obligations and amounts due arising from sharing of revenues. This account requires subsidiary record categories for payables to affiliates and nonaffiliates. Similar to the old schedule it would replace, the reporting threshold for nonaffiliates would be the ten largest items amounting to $1 million or more. However, with respect to affiliates, we modified the instructions so that all payables balances at the end of the year would be reported for each affiliate.

2. Comments

85. NYDPS suggests that this schedule should reflect a beginning balance, aggregate charges and credits during the year, and the ending balance for each affiliate and each other large creditor. NYDPS believes that this request can be accommodated by expanding the number of columns and by modifying the instructions. If this information cannot be provided, NYDPS urges the Commission to more clearly specify in the reporting instructions that all affiliate payables are to be listed.[98] AT&T disagrees with the NYDPS recommendation because it asserts that these data will not serve any of the Commission's regulatory purposes and NYDPS did not provide any explanation on how it would serve those regulatory needs.[99] Centel believes that increasing the reporting threshold to $100,000 (presumably for affiliates) would simplify the reporting of data on this schedule.[100]

3. Discussion

86. We agree the NYDPS suggestion would yield information which would be useful in monitoring accounts payable with affiliates. We believe that the information developed from disclosure of beginning balances, gross debits and gross credits would enable us to compare activity volume with data on assets acquired from affiliates, which are to be reported on Schedule B-3c,

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98 NYDPS comments at 15-16.

99 AT&T reply comments at 5.

100 Centel comments at 6.

and services provided that are to be reported elsewhere in the Form M (See Attachment B, Schedule I-3). In the schedule we adopt as Schedule B-9, Accounts Payable, we adopt the NYDPS suggestion to obtain activity information. We also require reporting of all balances with affiliates, and do not limit it to the ten largest amounts. Reporting on nonaffiliate payables is unchanged from the proposal.

O. Capital Stock and Long-Term Debt

1. Proposal

87. In the OIC we proposed that data relating to long term debt and capital stock be reported on three schedules. On proposed Schedule 23, Capital Stock, we would obtain data on the class of stock, number of shares authorized and outstanding, additional paid in capital, and treasury stock.[101] On proposed Schedule 24, Long-Term Debt, carriers would disclose, with respect to each issue, the issue dates, maturity dates, face amounts outstanding, details on related unamortized discounts and premiums and interest rates. On proposed Schedule 26, Capital Stock and Funded Debt Reacquired or Retired, we would obtain information on securities reacquired and retired, which would include data on reacquisition costs. In proposing these schedules, we also proposed the elimination of existing Schedule 25, Capital Stock and Funded Debt Issued or Assumed During the Year.[102] Information reported on that schedule that was still needed for regulatory purposes was covered in proposed Schedules 23 and 24.

2. Comments

88. Long-Term Debt. NYDPS states that the Commission should clarify why the Schedule 24 heading identifies Account 4250, Obligations Under Capital Leases, since it appears the Commission intended to report data on capital leases on proposed Schedule 12D, Capital Leases. NYDPS also believes that the instructions and column headings should distinguish between premium and discount amounts. NYDPS further states that the instructions are confusing and the results reported in columns distinguishing between long-term and short-term portions will not be particularly useful for analytical purposes. NYDPS also believes the terms "stated rate" and "yield rate" should be defined in the instructions.[103] USTA believes the schedule heading should

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101 No party opposed our proposal and therefore, it is adopted as Schedule B-10.

102 Only one party filed comments and it agreed on the elimination of existing Schedule 25. Thus, we eliminate this schedule from the Form M we adopt.

103 NYDPS comments at 14.

be revised; column (d) for reporting the face amount outstanding should be expanded to two columns for the long-term and short-term portions; the last two columns should be deleted; and the instructions should be revised accordingly.[104]

89. Capital Stock and Funded Debt Reacquired or Retired. NYDPS believes that proposed instructions relegate essential information to footnote explanations while excessive column space is designated for reporting the effective date of call and remarks. NYDPS also believes a column should be provided to report the amortization period for reacquisition costs. NYDPS also states it appears the Commission is narrowly defining reacquisition costs as the face amount of the security plus any call or tender premiums. NYDPS believes the cost of reacquisition reported in columns (b) and (c) of the proposed schedules should also include brokers' fees and retirement of any unamortized debt discount or premium, and issuance expenses on the old debt.[105] USTA states that it sees no reason to make the changes requested by NYDPS because the information sought by NYDPS will still be provided.[106]

3. Discussion

90. Long-Term Debt. Since we have decided to adopt a new schedule for capital leases, we delete from the long-term debt schedule we adopt here as Schedule B-10, the information on capital lease obligations. In the new Schedule B-10 we adopt, we incorporate the editorial improvements suggested by both NYDPS and USTA, as modified and shown in Attachment B.

91. Capital Stock and Funded Debt Reacquired. In the schedule we incorporate in Attachment B as Schedule B-15,[107] we have modified the proposed schedule to provide additional room in the remarks column for information NYDPS believes would have been relegated to footnote type disclosure. With respect to the NYDPS comment on reacquisition costs, we call NYDPS's attention to columns provided for reacquisition expense, which includes the types of

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104 USTA comments Attachment 2, at 4.

105 NYDPS comments at 15.

106 USTA reply comments at 9-10.

107 The schedule numbering scheme we adopt for the revised Form M follows the order of presentation of accounts in Part 32 as much as possible. Thus, the schedule dealing exclusively with long-term debt (B-10) will precede those relating to capital stock (B-14 and B-15). In between, there will be several schedules dealing with tax liabilities and other deferred credits.

expenses NYDPS describes and that the revised Schedule B-10, Long-Term Debt includes a column for unamortized debt issuance expenses.

P. Deferred Taxes

1. Proposal

92. In the OIC we proposed one income tax schedule for reporting changes in deferred operating income taxes (Schedule 30B) and one for reporting changes in deferred nonoperating income taxes (Schedule 30C). Each schedule was divided into sections applicable to property related and nonproperty related deferrals. Column headings began with the balance at the beginning of the year and progressed through current accruals, current amortizations, and adjustments to arrive at the balance at the end of the year. The instructions also required a separate explanation of adjustments amounting to $100,000 or more.

2. Comments

93. USTA suggested that on both schedules, the column headed current year amortization be deleted. USTA alleges that side records would be needed to track the amortizations because Part 32 accounts reflect the net of accruals, amortizations, and adjustments. USTA also suggests that instructions for the schedule be modified so that carriers are required to explain only those adjustments exceeding $1 million. USTA believes the $1 million threshold is not an unreasonable limit in view of the fact that any reporting company has operating revenues in excess of $100 million.[108] NYDPS generally asserts that the information that we propose to collect on income tax calculations is inadequate, but does not say why this would be so.[109]

3. Discussion

94. We will not adopt USTA's suggestion to delete the column disclosing the current year amortization. While it is true that the account balance at year end will reflect the beginning balance plus or minus the net change during the year, USTA's comment is of little relevance. Whether the journal entries record gross debits and gross credits separately, or merely the net of the two, the amounts of the originating differences (current year accruals) and the amounts of the reversing differences (current year amortization) must be calculated and supporting documentation retained. Whichever way the carriers accomplish the correct year-end balances, we are

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108 USTA comments Attachment 1, at 4.

109 NYDPS comments at 3.

merely requiring on the schedule, data which the carriers must have in order to yield the proper deferred tax balances at the end of the year.

95. The proposed $100,000 threshold for explanation of adjustments on Schedules 30B and 30C is considerably higher than the $25,000 threshold on the old Form M Schedules 30B and 30C the proposed schedules would replace. We believe the $100,000 threshold is adequate. It represents an increase over what was previously required, which we thought struck an appropriate balance between the burden such a requirement would impose and the potential importance of the adjustment. The importance of these adjustments should not be weighed against the total annual revenues as USTA suggests, but against their impact on net changes in the deferred tax balances during the year. These net changes are substantially lower than the $1 million threshold USTA suggests.[110] Therefore, we will not adopt this USTA suggestion.

96. In proposing these schedules, we did not require carriers to disclose the individual components of nonproperty related deferrals (items other than accelerated depreciation). There were two reasons for this. First, the new Part 32 requires comprehensive interperiod tax allocations for the tax effects of all material tax timing differences. This would result in a substantial increase in the number of items to be individually reported over what has been reported in the past. Second, Commission staff is evaluating recent changes in generally accepted accounting principles, which if adopted by the Commission, could result in the introduction of new accounts and specific instructions for the treatment of items within those accounts. As a result, the schedules we proposed in September and adopt here could require additional changes in the future. Thus, we conclude that at this time the appropriate course is not to adopt any additional individual reporting requirements of component items and to adopt the schedules originally proposed designating them as B-11 and B-12 as shown in Attachment B.

Q. Special Expenses Attributable to Formal Regulatory Cases

1. Proposal

97. In the OIC, we proposed to retain reporting of special expenses attributable to regulatory cases. The carriers would report expenses associated with individual regulations, hearings, and cases when the total expenses applicable to an individual regulation, hearing, or case before federal, state, and other regulatory commissions was $10,000 or more.

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110 For example, AT&T reports on its Form M for the year ended December 31, 1987 that the combined balance in its deferred tax accounts 176.1 and 176.2 had a net change during the year of approximately $15 million.

2. Comments

98. USTA suggests that this schedule be deleted because the value of the information is negligible and because the compilation of this data is time consuming and burdensome. If the Commission determines that this schedule is to be retained, USTA requests the reporting threshold be raised to $100,000 or more.[111]

3. Discussion

99. In a 1985 review of Form M reporting,[112] this Commission decided to retain this reporting because it determined that the schedule provided valuable information on the cost of regulation. In addition, we decided not to increase the reporting threshold. We still find this schedule to be a valuable source for determining the magnitude of selected regulatory costs. Therefore, we incorporate this reporting in the revised Form M as Schedule I-2.

R. General Services and Licenses

1. Proposal

100. In the OIC, we proposed reporting of data relating to payments to affiliates for services received under license agreements, service contracts or other assignments. The reporting on proposed Schedule 41 would disclose each affiliate to whom the respondent paid $100,000 or more, the nature of the service provided and the amount.

2. Comments

101. NYDPS believes a new schedule should be added because the proposed Schedule 41 is not sufficiently detailed to permit a determination of compliance with the Commission's affiliate transaction rules. Information should be added to indicate the basis for the valuation of the services.[113] Most carriers believe Schedule 41 should be deleted.[114]

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111 USTA comments Attachment 1.

112 Amendment of Annual Report Form M and FCC Report 901, CC Docket No. 85-308, 51 Fed. Reg. 12157, April 9, 1986.

113 NYDPS comments at 7.

114 BellSouth comments at 7; GTE comments at 7; SNET comments at 4; Ameritech comments Attachment A, at 3; Bell Atlantic comments at 4; Pacific Telesis comments at 2. We specifically address Bell Atlantic's comment that in the Order adopting Part 32, the Commission declined to

3. Discussion

102. The purpose of this schedule is to identify the affiliate, the service provided and the amounts involved and thereby provide an indication as to what services are being provided and the volume of activity. This information will be used as a basis for comparison with Cost Allocation Manuals and closer examination by FCC audit staff, if necessary. We will not adopt the NYDPS suggestion to add valuation basis information to the Schedule I-3 we adopt as a part of Form M since it would likely involve addressing individual transactions and this goes beyond the scope of what can be accomplished in this simple form without the imposition of substantial additional burdens.

S. Pension Reporting

1. Proposal

103. In the OIC, we proposed to eliminate Schedule 60A, Relief and Pensions and Schedule 60B, Pension Cost Paid, and replace these two schedules with a new schedule. The new schedule would disclose the status of benefit obligations and the value of pension assets along with major components of annual pension cost calculations (net periodic pension costs) and the distributions of these costs in the accounts.

2. Comments

104. Ohio agrees with the elimination of the existing schedules. No other parties commented specifically on the elimination.

105. Most of the parties commenting on the replacement schedule (proposed Schedule 60), except Ohio, urge reporting of pension plan status and the various components of the net periodic pension cost calculation at the plan administration level rather than the operating company level. USTA asserts that most plans are administered at the holding company level and, as a result, most of the information is available only at the holding company

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require specific identification of affiliate transactions in each expense account in the accounting system we adopted. The Bell Atlantic cite of the Order adopting Part 32 predates Commission decisions in Docket 86-111, which elevated the importance of affiliate transactions. Moreover, the implication that the Commission concluded the data in question was unimportant fails to recognize that Part 32 does require segregations for the balance sheet items that customarily form part of the expense entry--payables to affiliates.

level.[115] Ameritech and several others also suggest that the schedule be subdivided and instructions be modified to report the plan status and net periodic pension cost calculations at the plan administrative level and the remaining information on contributions, disposition of the pension cost dollars and employee counts at the operating company level.[116]

106. USTA and several others also suggest that if the plan level is acceptable, the proposed schedule could be eliminated and the Commission could rely on information provided in SEC Annual Report Form 10-K.[117] Ohio suggests that an additional column be added on the proposed schedule to reflect the net change between the current year and the preceding year.[118] NYNEX opposes Ohio's suggestion because it is burdensome and unsupported and USTA believes that even the column in the proposed schedule for the preceding year is unnecessary.[119]

3. Discussion

107. Since the comments indicate no specific objection to the elimination of these schedules they are not included in Attachment B and are no longer a part of the Annual Report Form M. To the extent the information contained on Schedules 60A and 60B remains necessary for regulatory purposes, we include it in a replacement schedule as originally proposed.

108. In light of the comments on the proposed schedule, we conclude that it would be appropriate to divide the schedule into two sections and amend the reporting instructions to make clear the section of the schedule that we apply at the plan administration level and the section that we apply at the reporting company level. In order to establish the relationships between the employees of the reporting company and the total number of employees covered by the plan, we add lines at the bottom of each section of the schedule we adopt as Schedule I-4, Pension Cost. The instructions are amended accordingly.

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115 USTA reply comments at 13.

116 Ameritech comments Attachment A, at 1, Pacific Telesis comments at 5, SWB comments Appendix 1, at 6.

117 USTA comments Attachment 1, at 8; Pacific Telesis comments at 4-5; and SNET comments at 3.

118 Ohio comments at 5.

119 USTA comments Attachment 1, at 8.

109. We do not think it burdensome to have the preceding year column included on the schedule since it facilitates analysis of the interrelated items such as the pension cost and the actual contribution and the accumulated pension asset or liability in a convenient way. We do not believe it necessary to add a net change column as Ohio suggests. The process of determining the net change is something that can easily be performed by any user of the schedule. Even though 1988 will be the first year carriers were required by the new Part 32 to use new pension accounting standards put in place since the old schedules were adopted by the Commission, we require the previous year column to be completed in the first report of the calendar year ended December 31, 1988. This should not be unduly burdensome because companies were required under generally accepted accounting principles to adopt the new standards for published financial statements issued to the investment community beginning with 1987 reports.[120]

T. Tax Expenses

1. Proposal

110. In the OIC, we proposed to bring forward from the existing Form M four schedules relating to taxes. The proposed schedules (36A, 36B, 36C, and 36D) dealt with Federal income taxes, prepaid taxes and accruals, excise taxes and other operating taxes. Proposed Schedule 36A would disclose details pertaining to taxes recorded in Account 7240, Operating Other Taxes. These would include items such as property, gross receipts, and capital stock taxes by jurisdiction. Proposed Schedule 36B would disclose details on prepaid taxes recorded in Account 1300, Prepaid Taxes and accruals recorded in Account 4070, Income Taxes Accruals, and Account 4080, Other Taxes Accrued. Proposed Schedule 36C, would disclose Federal income tax expenses recorded in operating and nonoperating expense accounts. Proposed Schedule 36D would disclose excise taxes collected from users of the reporting carriers' services as reported to the governmental bodies for whom the taxes were collected.

2. Comments

111. USTA suggests that Schedule 36A dealing with other operating taxes and 36C dealing with Federal income taxes can be eliminated because it duplicates information on other schedules. USTA does not see any regulatory benefit from reporting excise taxes collected from others because it details flow-through items, which are collected by the respondent and are remitted to the appropriate governmental agency.[121] For Schedule 36B dealing with

120 This responds to the inquiries of several carriers who questioned what to report for the preceeding year (1987) in reports for the calendar year ended December 31, 1988.

121 USTA comments at 1.

prepaid taxes and accruals USTA believes that the requirements to explain adjustments amounting to $25,000 or more should be increased to $1 million or more.[122] AT&T also comments on these schedules staying that the Commission should grant proprietary protection for the tax data on Schedules 36A, 36B and 36D. AT&T asserts that this tax data would allow competitors to calculate AT&T's revenues by state and thus learn which markets are most profitable for AT&T.[123]

3. Discussion

112. We agree with USTA's comment that the schedule relating to Federal income tax expenses can be deleted. The data that would be reported on this schedule will be available on Schedule I-1, Income Statement Accounts. Detail on other operating taxes, prepaid taxes and excise taxes is not available elsewhere in the Form M. Most of the remaining data has been useful to the Commission in tracking tax expenses. In Attachment B, we adopt Schedule I-5a, Other Operating Taxes; Schedule I-5b, Prepaid Taxes and Accruals; and Schedule I-5c Excise Taxes Collected From Users of Respondent's Services. These schedules reflect some modification in the interests of reducing reporting burdens. The most notable of these modifications is the elimination of requirements to report taxes billed to others and taxes billed by others on Schedule I-5a. This will eliminate any need to trace taxes related to rented property. The second modification will raise the threshold for the requirement to explain adjustments on Schedule I-5b to $100,000. This will make the threshold consistent with those imposed for the schedules we adopted for the reporting of deferred taxes.

U. Special Charges, Advertising, and Membership Fees and Dues

1. Proposal

113. In the OIC, we proposed three separate schedules for reporting of special charges (Schedule 38), advertising expenses (Schedule 40), and membership fees and dues (Schedule 42). Reporting of these types of expenses are of importance in distinguishing allowable expenses for ratemaking purposes.

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122 USTA comments at 1.

123 AT&T comments at 8-9 (also see Section III of this Order).

2. Comments

114. USTA urges that membership fees and dues be reported on the schedule proposed for special charges since the membership fees and dues recorded "below the line" are already included in Part 32 Account 7370, Special Charges.[124] If this is done, USTA believes the separate schedule for advertising expenses can be eliminated because the other items reported on the schedule proposed for advertising expenses can be determined from the Income Statement Accounts (Schedule I-1, Attachment B), or by special inquiry.[125]

115. USTA, AT&T, and Contel believe the threshold for reporting items individually on the schedule for special charges should be $100,000 or more instead of the $25,000 threshold specified in the instructions for the schedule.[126] AT&T comments on what it believes to be the proprietary nature of advertising expenses, disclosure of which would allow competitors to calculate what percentage of revenues it spends on advertising.[127]

116. With respect to membership fees and dues, commenting parties believe the proposed schedule for reporting these expenses should be deleted from the Form M.[128] With respect to the same proposed schedule, SNET believes membership fees and dues should be held confidential because it is not necessary to the Commission in the exercise of its regulatory oversight.[129] Commenting parties also offer other suggestions of a minor editorial nature, which do not warrant separate discussion here.

3. Discussion

117. Upon consideration of the comments, we have decided to modify and rearrange the proposed schedules to avoid what we see as potential for duplicative reporting. We will not hold confidential as a matter of policy any of the schedules we adopt for the reasons stated in Section III of this Order.

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124 USTA comments Attachment 1.

125 Id.

126 Id.; AT&T comments at 2-3; Contel comments at 6.

127 AT&T comments at 8-9.

128 Bell Atlantic comments at 5; BellSouth comments at 7-8; Ameritech comments Attachment A, at 2; AT&T comments at 3-4; GTE comments at 5, 7 and 8; SWB comments Appendix 1, at 1; and USTA comments at 9 and 11.

129 SNET comments at 4.

118. We adopt Schedule I-6, Advertising, Schedule I-7, Membership Fees and Dues, and Schedule I-8, Special Charges as shown on Attachment B. We adopt separate schedules for advertising and membership fees and dues because these types of expenses are charged to both operating and nonoperating expense accounts and the data is necessary for our regulatory oversight. The information we seek is not available from other Form M schedules because the information is dispersed among accounts or embedded in accounts with other related but not identical items. We do not expect this to create any additional burden since carriers are already required to submit the data that would be reported on the schedules we adopt.

119. In order to avoid duplicative reporting, we do not adopt the schedule for special charges as it was originally proposed. We will not require in Schedule I-8 the reporting of all individual items recorded in Account 7370, Special Charges, that amount to $100,000 or more. This schedule will exclude individual reporting of advertising expenses and membership fees and dues included in Account 7370. Advertising expenses and membership fees and dues will be reported on Schedule I-8 only in the aggregate.

V. Donations and Other Services Rendered by Persons Other Than Employees

1. Proposal

120. In the OIC, we proposed to retain this schedule in the Annual Report Form M. Schedule 43 is used to report payments to academia and payments for services rendered by persons other than employees. Carriers report donations and contributions, and aggregate payments to recipients when the payments exceed $25,000 during the calendar year covered by the report. Specific comments were requested on whether the dollar threshold for reporting of individual recipients on Schedule 43 should be raised for all or only some specific kinds of payments.[130]

2. Comments

121. The majority of the parties commenting recommend that the Commission eliminate this schedule entirely or raise the reporting threshold because the schedule is burdensome to prepare.[131] They believe that the

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130 Respondents are required to report by type of service in alphabetical order. The types of service reported include: advertising and information, auditing and accounting, clerical and office services, computer services, consulting and research, financial services, legal services, personnel services, printing services, security services, and trustee services.

131 Pacific Telesis comments at 3; Bell Atlantic comments at 6; BellSouth

benefits of this schedule to the Commission are clearly outweighed by the burden imposed in preparing it. If the Commission should find it necessary to retain this schedule, USTA and others recommend that the reporting threshold be raised from $25,000 to $250,000. Pacific Telesis states that raising the threshold would reduce the person hours required to complete this schedule by approximately 40 hours.[132] Bell Atlantic states that if the Commission raises the threshold to $250,000, that increase would still capture 95% of the total costs, while eliminating a large number of small transactions which are time consuming to track.[133] BellSouth states that in addition to raising the dollar threshold to $250,000, the Commission should add the exceptions that were formerly set forth under Part 31 to avoid the necessity of reporting routine recurring services.[134] NYNEX cites as an illustration New England Telephone's 1987 Form M Schedule 43. According to NYNEX, if a $250,000 threshold were applied, then 76% of the $62 million reported payments to outside vendors (excluding AT&T Technologies, NYNEX Material Enterprises and NYNEX Business Information Systems) would still have been reported, but the number of entries would have been reduced by 82%.[135] AT&T contends that setting the threshold at $250,000 would reduce its 1987 Schedule 43 from 23 to 5 pages, but would still enable the Commission to identify the organizations and individuals that received 95% of AT&T's payments and donations.[136] SWB states that if the $250,000 threshold had been used for its Schedule 43 in the 1987 Form M, 87% of the reported dollars would still have been captured, but 86% of the items would be eliminated, thereby saving substantial report preparation costs.[137] SNET also states that the reporting threshold for all expenses should be raised to $250,000 for the aggregate of all payments made to a recipient for services rendered during the year. SNET asserts that items below $250,000 account for only 1.8% of SNET's total operating expenses.[138] Other parties, while recommending that the dollar threshold be raised to

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comments at 4; Ameritech comments Attachment A, at 2; AT&T comments at 3 and 4; SNET comments at 5 and 6; GTE comments at 5, 7 and 8; SWB comments Attachment 1, at 1 and 5; and USTA comments Attachment 1.

132 Pacific Telesis comments at 3.

133 Bell Atlantic comments at 6.

134 BellSouth comments at 4.

135 NYNEX comments at 3.

136 AT&T comments at 3.

137 SWB comments at 1 and 5.

138 SNET comments at 5-6.

$250,000, did not submit specific examples of the economics of such an increase.

122. Centel recommends that the reporting level be raised to $100,000. At this level, Centel contends 93% of the dollar value of currently reported payments would still be included, while eliminating nearly 60% of the number of individual entries on this report.[139] US West recommends that the Commission adopt a threshold of no less than $100,000 for entries in Schedule 43. US West believes that such an increase would be a more reasonable threshold and would also be in accord with the reporting limits on other Form M schedules. In addition, US West believes that regardless of the level of detail contained in Form M, detailed information on donations and payments will continue to be available to the Commission in its periodic audits.[140]

123. Ohio suggests that the Commission keep the $25,000 limit. Ohio contends that these types of expenses rarely exceed $100,000. If the ceiling is raised much above $25,000, the schedule would become useless.[141] USTA disagrees with Ohio contending that a $25,000 level is unrealistic given the nature and size of today's basic telephone business. Further, USTA states that almost by definition, such small transactions are not material or relevant to Form M objectives. At the $250,000 level, however, USTA states it is clear that most dollars will still be captured, but the redundancy of repetitive minor transactions can be avoided.[142]

3. Discussion

124. The comments of the carriers and our own independent analysis of Schedule 43 indicates that raising the reporting threshold to $250,000 would eliminate approximately 80 percent of the entries and still yield between 80 percent and 95 percent of the total dollars now reported. It is clear that for some items reported on this schedule a $250,000 threshold would strike an appropriate balance between the volume of the line items and the dollars reported. We therefore adopt the suggestion made by USTA and other commenting parties to raise the reporting threshold for some types of services to $250,000 during the calendar year. For all other services, the $25,000 limit will continue to apply. The services for which the limitation is raised are only advertising and information, clerical and office services, computer

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139 Centel comments at 6.

140 US West comments at 4-5.

141 Ohio comments at 9.

142 USTA reply comments at 11-12.

services, personnel services, printing and design services, and security services. We will also continue to require disclosure of all charitable donations and payments to academia because no party has challenged the relevance of the concerns originally expressed by the Commission in its Docket 19129, Phase II Final Decision and Order, which prompted the Commission to require data on payments to academia.[143] The schedule we finally adopt is included in Attachment B as Schedule I-9.

W. Interest and Dividend Income and Extraordinary Items

1. Proposal

125. In the OIC, we proposed two other schedules, one dealing with interest and dividend income (proposed Schedule 37) and the other dealing with disclosure of extraordinary items (proposed Schedule 45). Similar schedules were contained in the existing Form M.

2. Comments

126. Interest and Dividend Income. NYDPS believes the schedule should be expanded to require reporting of earnings and losses from affiliates.[144] USTA believes the schedule should be eliminated since affiliate and nonaffiliate data were included in proposed Schedule 17. Pacific Telesis also comments that a schedule structured so as to require the reporting of earnings/losses from affiliates accounted for on the equity method would require the carriers to provide information that is not necessary for the Commission to effectively monitor a company's rate of return, profitability, financial risk and growth.[145]

127. Extraordinary Items. USTA believes that this schedule is unnecessary since extraordinary items must be submitted to the Commission for review prior to journalization.[146] In addition, parties commenting on this schedule support a reporting threshold and recommend a threshold of $1

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143 American Telephone and Telegraph Co., Phase II Final Decision and Order 64 FCC 2d 1 (1977), recon. 67 FCC 2d (1978). The Commission concluded that it could not identify or review the reasonableness of those expenditures and concluded the carriers should report amounts paid for academia expenses (pages 87-88).

144 NYDPS comments at 16-17.

145 Pacific Telesis reply comments at 12.

146 USTA comments Attachment 1.

million. USTA states that such a threshold would avoid reporting of immaterial items.

3. Discussion

128. The information we seek on this schedule with respect to earnings and losses of affiliates is not identical to what would be reported on the Schedule B-3a we adopt in this Order. The earnings or losses reported on this schedule reflect earnings or losses for the year whether or not there has been a distribution of earnings. Schedule B-3a reflects only undistributed earnings or losses. With respect to Pacific Telesis's comments, we are interested in the information because it is a piece-part of what forms a larger picture of a carrier's dealings with its affiliates, all of which cannot be comfortably accommodated on a single schedule. In view of this, we adopt the reporting on interest and dividend income as shown on Schedule I-10.

129. With respect to the information on extraordinary items, we believe the information on the proposed schedule is necessary to form a complete picture of the results of operations. In published financial statements such information would ordinarily be the subject of footnote disclosure. In Form M reporting we have given such disclosure greater structure and eliminated the need for users to seek additional information from other documents located elsewhere in the Commission. We therefore adopt the Scheudle I-11 shown in Attachment B.

VI. Statistical Schedules

1. Proposal

130. For this group of schedules, seven in all, we proposed to delete data we felt was no longer necessary or relevant, and update the remaining data to reflect technological changes. More specifically, we proposed the elimination of existing Schedule 57B, Marine Service to Mobile Stations. For Schedule 50, Outside Plant Statistics, we proposed that the Part 32 plant account structure serve as the basic structure of the schedule. In addition, we included information on fiber optic plant and plant mileage currently included in other miscellaneous reports prepared by the carriers. For Schedule 51, Statistics Relating to Central Offices, and Schedule 52, Access Lines in Service, we made a distinction between digital and analog access and a distinction between access provided to different kinds of customers.

131. On Schedule 53, Telephone Calls, we proposed adding detail on billed minutes, which we believe is readily available to the carriers. We proposed to reformat Schedule 56, Interstate Private Line Statistics, to reflect current status of the network and on Schedule 57A, Overseas Telephone and Related Services, we proposed separate reporting for Canada and Mexico in order for the schedule to be comparable to other sources of data. We also

propose to delete Section II of Schedule 57A dealing with direct service added or discontinued during the year.

2. Comments

132. USTA, commenting on proposed Schedules 50-57A, believes that the proposed statistical schedules contain definitional ambiguities which must be resolved. Data may not exist in the way it is being requested, and existing data may not be able to be used to derive the required data.[147] USTA further states that these schedules require a significant amount of clarification to provide greater precision, so that useful reporting will result.[148]

133. Ameritech also asserts that the required statistical information is not readily available and requires a considerable amount of time to prepare. Ameritech also believes that clarification and/or modification of instructions and data requirements is required so that useful, consistent reports will result.[149] US West also believes that the proposed schedules are not accompanied by instructions of sufficient detail to ensure that data submissions by the various companies are comparable. In addition, US West is concerned with the reporting burden associated with statistical schedules. An internal survey of their companies indicates that some of the data are not readily available from computerized systems and would have to be compiled manually. US West suggests the creation of a joint FCC/industry task force to determine the most economical means of satisfying the Commission's information needs and identifying the data categories with sufficient particularity to ensure that all respondents submit comparable data.[150] USTA further states that these schedules require a significant amount of clarification to provide greater precision, so that useful reporting will result.[151]

134. BellSouth believes that the Commission should delete the statistical schedules because they are not a part of the financial data required by Section 43.01 of the Commission's rules or by Section 211 or Section 219 of the Communications Act.[152] GTE asserts that the statistical

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147 USTA comments at 4.

148 Id. at page 11.

149 Ameritech comments Attachment A, para. 6.

150 US West comments at 6.

151 Id. at 11.

152 BellSouth comments at 9.

schedules require numerous hours to compile. Further, GTE states the deletion of these schedules would save an estimated 1100 person hours of work for GTE alone.[153] With respect to the specifics, many commenting carriers also offer extensive and highly detailed editorial comments and suggestions.[154] Among those not previously mentioned are AT&T, Pacific Telesis, and SNET.

3. Discussion

135. The Commission has been receiving nonfinancial statistical data on Form M for many years. The data is extremely useful in evaluating the impact of new technology. These data are also useful to access the industry's response to changing developments such as bypass. In addition, information on the utilization of plant can be assessed from Form M that is useful in evaluating new and alternative service proposals.

136. Since the comments were filed on November 4, 1988, *ex parte* meetings have been held with a USTA group of carrier representatives.[155] Changes have been made to clarify the technical definitions and ambiguities and provide more efficient formats for the collection of data. Virtually all of the carrier recommendations have been incorporated in the schedules we adopt as Schedules S-1 through S-6. Efforts have been made to minimize any duplication with ARMIS reportings. It is our ultimate intention to incorporate as much Form M data as possible into ARMIS. However, at this time ARMIS is not ready to accommodate the volume of statistics we require. Until that time a few items will be duplicated in both places. We do not anticipate that this will be a burdensome arrangement.

VII. Paperwork Reduction

137. On October 4, 1988, the revisions to the Form M that were proposed in the *OIC*, were forwarded to the Office of Management and Budget (OMB) for approval. A number of parties filed comments with OMB and that agency provided us with a set of those comments, which have been considered in the development of the revised Form M adopted by this Order.

138. On December 9, 1988, OMB approved the use of the proposed information collection through August 31, 1991, subject to certain conditions. These conditions included (1) an exploration of the treatment of proprietary

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153 GTE comments at 6.

154 USTA reply comments at 12-13.

155 Summaries of these meetings have been included in the record for this proceeding.

data, where applicable, (2) submission of new additions or deletions of data to OMB for further review, (3) a revision of burden hour estimates based on commenting parties' reported experience in preparing the Form M, and (4) a continuation of the assessment of various reporting requirements with a view toward determining those which can be included in the ARMIS reporting system.

139. In this Order we have addressed the issues of confidential treatment (Section III) and we have made a substantial number of changes to our original proposal based, for the most part, on the suggestions of the commenting parties. The revised schedules adopted in this Order will be submitted to OMB for further review. Revised estimates of the reporting hour burden will accompany that submission. For the purposes of OMB review, we estimate that the average reporting hour burden will be approximately 1500 hours per respondent. We intend to perform an additional analysis of reporting hour burdens for the revised Form M in the coming months, and we will revise this 1500 hour estimate if the analysis, in light of the changes we make here, yields a different conclusion.

VIII. Initial Filing

140. In an order by the Deputy Chief, Operations, Common Carrier Bureau, released March 15, 1989, all carriers were granted an extension of time for filing with the Commission their Form M for the year ended December 31, 1988. The extension was granted because the Form M is normally due on March 31 of each year and carriers will need time to comply with the revised requirements. The date for filing was extended until 60 days from the release of this Order revising the Annual Report Form M.[156] The filing is to be made on standard 8 1/2 by 11 inch paper, with a minimum 5/8 inch margin at the top for binding purposes. Reports should be bound in such a manner as to permit easy substitution of superseded schedules. In the interest of time, it is suggested that, for the initial filing of the revised Form M, the forms attached to this release be enlarged to facilitate completion and then reduced to the required size for submission. Also, upon request and submission of three formatted 5 1/4 inch disks, we will make the forms available on computer disks to state regulatory commissions. Use of the disks may require special software obtainable from non-governmental sources.

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156 Revision of Annual Report Form M, Order, DA 89-275.

IX. Ordering Clause

141. Accordingly, IT IS ORDERED, pursuant to Sections 4(i), 4(j), 201-205, 215, 219, and 220 of the Communications Act of 1934, as amended, 47 U.S.C. 154 (i), 154 (j) 201-205, 215, 219, and 220, that the revised Form M schedules contained in Appendix B attached ARE ADOPTED, effective 30 days from publication of the schedules in the Federal Register.

FEDERAL COMMUNICATIONS COMMISSION

Gerald Brock

Gerald Brock
Chief, Common Carrier Bureau

Attachment A

List of Commenters

American Telephone and Telegraph Company (AT&T)
The Ameritech Operating Companies (Ameritech)
Arthur Andersen & Co. (Arthur Andersen)
Bell Atlantic Telephone Companies (Bell Atlantic)
BellSouth Corporation, South Central Bell Telephone and Southern Bell Telephone and Telegraph Company (BellSouth)
Central Telephone Company (Centel)
Communications Sattellite Corporation (COMSAT)
GTE Service Corporation and its affiliated domestic telephone companies (GTE)
Mountain States Telephone and Telegraph Company, Northwestern Bell Telephone and Pacific Northwest Bell Telephone Company (US West)
New England Telephone and Telegraph Company and New York Telephone Company (NYNEX)
State of New York Department of Public Service (NYDPS)
The Staff of the Public Utilities Commission of Ohio (Ohio)
Pacific Bell and Nevada Bell (Pacific Telesis)
Southern New England Telephone Company (SNET)
Southwestern Bell Telephone Company (SWB)
United States Telephone Association (USTA)
United Telecommunications, Inc. (UTS)

List of Reply Commenters

AT&T
Ameritech
Bell Atlantic
BellSouth
Contel Corporation (Contel)
US West
NYNEX
Pacific Telesis
SWB
USTA

ATTACHMENT B - SCHEDULES

Approved by OMB
3060-0099
Expires 08/31/91

Annual Report Form M Estimated Average Burden Hours Per Response:1500 Ho

ANNUAL REPORT

OF

____

(EXACT NAME OF RESPONDENT)

____

(ADDRESS OF RESPONDENT)

TO THE

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

FOR THE

YEAR ENDED DECEMBER 31, 19

Two copies of the published annual report to stockholders {were / will be} forwarded to the Commission about

________________ , 19 ____

Annual reports to stockholders are not published.

(Delete inapplicable portions)

Officer or other person to whom correspondence should be addressed concerning this report:

Name ______________________ Title ______________________

Address ______________________ City ______________ State ________

Telephone No. ______________________

(This information is to be kept current by prompt notification to the Commission of any changes until the report for the succeeding year has been submitted.)

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FEDERAL COMMUNICATIONS COMMISSION
ANNUAL REPORT FORM M

GENERAL INSTRUCTIONS

(a) The Federal Communications Commission Annual Report Form M shall be filed by telephone companies operating telephone exchanges and having annual operating revenues in excess of $100 million.

(b) The Annual Report Form M shall be filed not later than March 31 of the year following the calendar year covered in the report. Each carrier shall use as its carrier code the ARMIS study area code prescribed for each operating company in the ARMIS USOA Report.

(c) Each carrier required to file an Annual Report Form M shall file three copies on 8 1/2 inch by 11 inch paper with the Commission at its offices in Washington, D.C. For ease of preparation, an original may be produced on larger computer paper and reduced for submission to the Commission. Copies filed with the Commission must be legible and permanent. All entries shall be in black ink with reverse amounts indicated in parentheses unless specifically directed otherwise in individual instructions for the schedule.

(d) Unless otherwise indicated, the information required in Annual Report Form M shall be taken from the accounts and other records prescribed in 47 C.F.R. Part 32, and the definitions and instructions contained therein shall also apply to this report wherever applicable.

(e) Schedule B-1, Balance Sheet Accounts, and Schedule I-1, Income Statement Accounts, shall be filed in accordance with the provisions and instructions of the ARMIS USOA Order. (Automated Reporting Requirements for Certain Class A and Tier 1 Telephone Companies (Parts 31, 43, 67 and 69 of the FCC's Rules) DA 88-2066, released January 6, 1989.) Paper copies of Table I of the ARMIS USOA Report shall be redesignated as Schedule B-1 and Table II of the ARMIS USOA Report shall be redesignated as Schedule I-1 and filed as a part of the Form M. On Schedule I-1 carriers are required to show the total compensation for the year and the total number of employees at the end of the year in a footnote. The number of employees at the end of the year shall be broken down by full time and part time employees. Schedules redesignated as B-1 and I-1 are reported in thousands of dollars. All other schedules shall be rounded to the nearest dollar provided that amounts are appropriately adjusted to agree with the totals.

(f) All instructions shall be followed and each question shall be answered fully and accurately. A sufficient answer shall appear to show that no question has been overlooked. The expression "none" or "not applicable" shall be given as the answer to any particular inquiry where it truly and completely states the fact. Customary abbreviations may be used except that the exact name of the respondent shall be shown in full on the "Title Page," in Schedule A-1, Identity of Respondent, and on the "Signature Page."

(g) References to reports of previous years or to other reports shall not be made in lieu of requisite information except as provided in query 3 of Schedule A-6.

(h) Wherever information is required to be shown "in a note" the information shall be shown at the foot of the schedule if space permits, or a reference shall be made to the adjacent page or insert where the note will be found. In each case the information shall be properly identified. Where the space provided is insufficient for the required data or where it is otherwise necessary or desirable to insert additional statements or schedules, the insert pages shall be of durable paper conforming to this form in size and width or margin. Each insert shall bear the number and title of the schedule to which it pertains, as well as the name of the respondent and the year covered, in a style conforming as nearly as practicable to that appearing on the regular page.

(i) The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further material information as is necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

(j) Public reporting burden for this collection of information is estimated to average 1500 hours per response including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Federal Communications Commission, Office of Managing Director, Washington, D. C. 20554, and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, D. C. 20503.

IDENTITY OF RESPONDENT

FORM M SCHEDULE A-1

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Immediately following these instructions insert the several numbers and the captions, as indicated, together with the information respectively pertinent thereto.

1. Exact name of respondent. Use the words "The" and "Company" or "Co." only when they are parts of the corporate name.

2. Date of incorporation.

3. Laws affecting organization. If incorporated under a special charter, give date of passage of the act; if under a general law, give date of filing certificate of organization; if a reorganization has been effected, give date of reorganization. If a receivership or other trust, give also date when such receivership or other possession began. If a partnership, give date of formation, and names of present partners. Give specific reference to applicable laws of the State or Territory under which organized, citing chapter and section of each statute and all amendments thereof. Include all grants of corporate powers by the United States or any foreign country; also, all amendments to charter. (See General Instructions (g) and (h).)

4. Consolidated or merged companies. Indicate the name of each company consolidated, merged, or otherwise combined with the respondent during the year, associating therewith specific reference (citing chapter and section) to special or general laws, including all amendments, under which each consolidation, merger, or other combination was effected; and, when applicable, the name of the governmental body authorizing the combination and specific reference to the instrument of authorization. In each case, give the date that the combination was effected. Also, give specific reference (citing chapter and section) to provisions of the charter or the laws, including all amendments, governing the organization (or reorganization) of each constitutent or merged company. Include in a separate list and fully explain cases in which corporations have become inactive and have been practically absorbed through ownership or control of their entire capital stock, through leases of long duration (under which the lessor companies do not maintain independent organizations for financial purposes) or otherwise, so that no distinction is made in operating or in accounting by reason of the original separate incorporation.

5. Former identity. If, because of reorganization during the year or for any other reason, the respondent conducted any part of its business under a name or names other than that shown under Item 1 above, give the name or names under which such business was conducted. Also state the circumstances occasioning the reorganization.

CONTROL OVER RESPONDENT

FORM N SCHEDULE A-2

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

1. If direct control over the respondent was held by a corporation, individual, association or other person at the end of the year, state:

(a) The form of control (sole or joint):

(b) The name and address of the directly controlling organization or person:

(Give names and addresses of all organizations or persons involved if control was joint.)

(c) The means by which control was held:

(For example, through ownership of voting securities; through common directors, officers or stockholders; through voting trusts; etc.)

(d) The extent of control:

2. If the directly controlling organization or person named in query 1(b), above, was in turn controlled by another organization or person, the respondent shall show hereunder the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain.

3. If any controlling organization or person named in response to query 1(b), above, held control as trustee, give, if known, the name and address of the beneficiary (or beneficiaries) for whom the trust is maintained, and the purpose of the trust.

SCHEDULE A-3 BOARD OF DIRECTORS AND GENERAL OFFICERS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall report in column (a) the name and address of each person who was a director or a general officer during the year. Report in column (b) for each person listed in column (a) the title and the department over which that officer had jurisdiction.

5. Respondents shall report in column (c) the date the term expired or the date the current term will expire and in column (d) how long the director has served continuously.

BOARD OF DIRECTORS AND GENERAL OFFICERS

FORM M SCHEDULE A-3

____
(Company)

Year Ended December 31, 19__

□□□□ □□□□
(Code) (m m y y)

Line No.	Name of Director or Officer and Address (City and State) (a)	Title and Department Over Which Jurisdiction is Exercised (b)	Term Expired or Current Term Will Expire (c)	Served Continuously From (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
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27				
28				
29				
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32				
33				
34				

VOTING POWERS AND ELECTIONS

FORM M SCHEDULE A-4

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

1. Does each share of stock carry the right to one vote? ____________ 2. Are voting rights attached only to stock? ____________
(If the answer to either query 1 or 2 is "No", give full particulars in a note.)
3. Is cumulative voting permitted? ____________
4. The date and place of the latest general meeting for the election of directors was ____________ 19__, at ____________
5. The voting power of all stockholders of the respondent on ____________ 19__, the date of the latest compilation, was ____________ votes.
6. The total number of shares voted at the meeting on the date shown in the answer to query 4 was ____________ shares.
7. The number of shares voted by proxies at the meeting on the date shown in answer to query 4 was ____________ shares.
8. If any security has preferences, special privileges, or restrictions in the election of directors, trustees, or managers, or in the determination of any corporate action, give details.

STOCKHOLDERS

FORM M SCHEDULE A-5

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

1. This information shall be compiled as at December 31, except that if similar information has been compiled for some other purpose between the beginning of the year for which the report is made and the date of preparation of this report, the latest compilation shall be used.
2. Stockholders of each class of stock shall be listed in the order of their holdings, beginning with the highest and continuing until the 30 largest holdings have been listed. If any such holder was a trustee or nominee for other persons who held the beneficial interest in the securities, the name and address of each person who has the beneficial interest shall be shown in a note, if known. Likewise, if any person had the beneficial interest in securities held by trustees or nominees under different trusts or other groupings, and the aggregate of such person's holdings would place him among the listed holders if he were the holder of record, the details of such holdings shall be shown in a note, if known.

Class of Stock

Line No.	Name and Address (City and State) of Stockholder (a)	Shares Held (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	Total holders of above class of stock______	
26	Date of above compilation______	
27	Purpose of the compilation	

IMPORTANT CHANGES DURING THE YEAR

FORM M SCHEDULE A-6

(Company)

Year Ended December 31, 19__

(Code) (m m y y)

Give concise answers to each of the following, numbering them in accordance with the numbers of the queries (see General Instruction (f)):

1. List extensions of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange, or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, and the consideration given.

2. If during the year a substantial portion or all of the property of the respondent was sold, merged, or abandoned, give full particulars, including the location and territory covered. In case of sale or merger, give the effective date, name and address of successor company, and the consideration received.

3. Attach a map defining the territory covered by the respondent's operations. A new map is required when changes in territory have occurred and in each year ending in 0 or 5 (e.g., 1990 or 1995). In all other years reference to the report in which the map last appears will be sufficient.

4. List important changes in service and rate schedules during the year, giving-
   (a) Estimated increase or decrease in annual revenues by reason of such changes.
   (b) Estimated saving or additional cost to the public, and
   (c) The bases used in arriving at the amounts given in the responses to (a) and (b).

5. Give the names and addresses of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control. Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of the fact will be sufficient.

6. Give the names and addresses of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the character of control. Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of the fact will be sufficient.

7. Give a concise statement relative to each important contract, agreement, etc., entered into during the year (a) with common carriers (including any carriers not subject to the Communications Act of 1934, as amended), (b) with affiliated companies engaged in manufacturing, research, or similar activities, and (c) with broadcasting companies. Exclude documents relating solely to services provided under effective tariffs. In lieu of giving abstracts from the contracts, agreements, etc., copies of such documents may be filed and a list of them given herein. If verified copies of such documents, and modifications thereof, have been filed with the Commission, a reference to that fact is sufficient.

8. Give information on any changes in accounting standards that have occurred during the year.

SCHEDULE B-1 BALANCE SHEET

INSTRUCTIONS

1. Respondents shall file a paper copy of the ARMIS USOA Report (Form 43-02, Table I).

SCHEDULE B-2 STATEMENT OF CASH FLOWS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 2 pages.

4. This schedule need not be completed if the respondent includes the identical format of Schedule B-2 in its SEC Form 10-K at the operating company level and supplies a copy of its SEC Form 10-K to the Commission. In such cases carriers may annotate this schedule to indicate the information is included in its SEC Form 10-K.

5. Report in column (c) amounts for lines 1, 13, 14, 20, 21, 22, 33, 34 and 35, 36, and 37. For all other lines report amounts in column (b).

6. Amounts included for lines 12, 19, and 32 should be identified and explained in the notes portion of the schedule.

7. Lines 2 through 12 shall contain the adjustments to net income to arrive at cash inflows and outflows from operating activities.

8. Lines 15 through 19 shall contain the cash inflows and outflows from investing activities. Investing activities include making and collecting loans and acquiring and disposing of debt or equity investments and property, plant, and equipment and other production assets (other than materials that are part of the respondent's inventory).

9. Lines 23 through 32 shall contain the cash inflows and outflows from financing activities. Financing activities include obtaining resources from owners and providing them with a return on, and a return of, their investment; borrowing money and repaying amounts borrowed; and obtaining and paying for other resources obtained from creditors on long-term credit.

10. On line 34, respondents with foreign currency transactions or foreign operations shall report the effect of exchange rate changes on cash balances held in foreign currencies using the exchange rates in effect at the time of the cash flows. An appropriately weighted average exchange rate for the period may be used for translation if the result is substantially the same as if the rates at the dates of the cash flows were used.

STATEMENT OF CASH FLOWS

FORM # SCHEDULE B-2
1 of 2

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Item (a)	Amount (b)	Amount (c)
	Increase/(Decrease) in Cash and Cash Equivalents		
	Cash Flows from Operating Activities:		
1	Net Income		$
	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
2	Depreciation and Amortization	$	
3	Provision for Losses for Accounts Receivable		
4	Deferred Income Taxes - Net		
5	Unamortized ITC - Net		
6	Allowance for Funds Used During Construction		
7	Net Change in Operating Receivables		
8	Net Change in Material, Supplies and Inventories		
9	Net Change in Operating Payables and Accrued Liabilities		
10	Net Change in Other Assets and Deferred Charges		
11	Net Change in Other Liabilities and Deferred Credits		
12	Other (explained)		
13	Total Adjustments		$
14	Net Cash Provided by (Used in) Operating Activities		$
	Cash Inflows (Outflows) from Investing Activities:		
15	Construction/Acquisition of Property, Plant and Equipment (Net of Allowance of Funds Used During Construction and Capital Lease Related Acquisitions)		
16	Proceeds from Disposals of Property, Plant and Equipment	$	
17	Investments in and Advances to Affiliates		
18	Proceeds from Repayment of Advances		
19	Other Investing Activities (explained)		
20	Net Cash Provided by (Used in) Investing Activities		
21	Total this page		$

STATEMENT OF CASH FLOWS (Continued)

FORM M SCHEDULE B-2
2 of 2

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Item (a)	Amount (b)	Amount (c)
22	Total from preceding page		$
	Cash Flows from Financing Activities:		
23	Net Increase/Decrease in Short-term Debt with Original Maturities of Three Months or Less	$	
24	Advances from Affiliates		
25	Repayment of Advances from Affiliates		
26	Proceeds from Long-term Debt		
27	Repayment of Long-term Debt		
28	Payment of Capital Lease Obligations		
29	Proceeds from Issuing Common Stock/Equity Investment from Parent		
30	Repurchase of Treasury Shares		
31	Dividends Paid		
32	Other Financing Activities (explained)		
33	Net Cash Provided by Financing Activities		$
34	Effect of Exchange Rate Changes on Cash		
35	Net Increase/(Decrease) in Cash and Cash Equivalents		$
36	Cash and Cash Equivalents at Beginning of Period		
37	Cash and Cash Equivalents at End of Period		$

NOTES:

SCHEDULE B-3a INVESTMENTS IN AFFILIATED COMPANIES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page. Additional sheets may be used as required.

4. As column headings for columns (b) through (j), reporting companies shall identify the affiliated companies accounted for under the "equity method".

5. With respect to each company identified in a column heading, the respondent company shall provide the information called for on the line items shown in column (a). If there is no information to be reported for a line item included in column (a) for any company reported in columns (b) through (j), the reporting company should enter "0" (zero) in the appropriate column.

INVESTMENTS IN AFFILIATED COMPANIES

FORM M SCHEDULE B-3a

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Description (a)	AFFILIATED COMPANIES (b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
	Account 1401, Investments in affiliated companies	$	$	$	$	$	$	$	$	$
	Equity Method:									
1	Common									
2	Preferred									
3	Advances									
4	Long-term Debt									
5	Adjustment for Undistributed Earnings (Losses)									
6	Subtotal (Account 1401)	$	$	$	$	$	$	$	$	$
	Account 1160, Temporary investments									
7	Beginning Balance									
8	Gross Dr.									
9	Gross (Cr.)									
10	Subtotal (Account 1160)	$	$	$	$	$	$	$	$	$
	Account 1180, Telecommunications accts. rec.									
11	Beginning Balance									
12	Gross Dr.									
13	Gross (Cr.)									
14	Subtotal (Account 1180)	$	$	$	$	$	$	$	$	$
	Account 1190, Other accounts receivable									
15	Beginning Balance									
16	Gross Dr.									
17	Gross (Cr.)									
18	Subtotal (Account 1190)	$	$	$	$	$	$	$	$	$
	Account 1200, Notes receivable									
19	Beginning Balance									
20	Gross Dr.									
21	Gross (Cr.)									
22	Subtotal (Account 1200)	$	$	$	$	$	$	$	$	$
	Account 1210, Interest and dividends rec.									
23	Beginning Balance									
24	Gross Dr.									
25	Gross (Cr.)									
26	Subtotal (Account 1210)	$	$	$	$	$	$	$	$	$
27	Total Affiliated Company	$	$	$	$	$	$	$	$	$

SCHEDULE B-3b INVESTMENTS IN AFFILIATED COMPANIES - COST METHOD AND NONAFFILIATED COMPANIES INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page. Additional sheets may be used as required.

4. As column headings for columns (b) through (i), respondents shall identify the affiliated companies accounted for under the "cost method" in Account 1401 and in column (j) data relating to nonaffiliated companies accounted for in Account 1402.

5. With respect to each company identified in columns (b) through (i) and all nonaffiliated companies included in column (j) in the aggregate, the reporting company shall provide information called for on the line items shown in column (a). If there is no information to be reported for a line item included in column (a) for any company reported in columns (b) through (j), the reporting company should enter "0" (zero) in the appropriate column.

INVESTMENTS IN AFFILIATED COMPANIES - COST METHOD AND NONAFFILIATED COMPANIES

FORM M SCHEDULE B-3b

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description (a)	AFFILIATED COMPANIES (b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	Nonaffiliated Companies (j)
	Account 1401 (column (b) through (i)) and Account 1402 (column (j))	$	$	$	$	$	$	$	$	$
1	Common									
2	Preferred									
3	Advances									
4	Long-term Debt									
5	Special Deposits									
6	Subtotal	$	$	$	$	$	$	$	$	$
	Account 1160, Temporary investments									
7	Beginning Balance									
8	Gross Dr.									
9	Gross (Cr.)									
10	Subtotal (Account 1160)	$	$	$	$	$	$	$	$	$
	Account 1180, Telecommunications accts. rec.									
11	Beginning Balance									
12	Gross Dr.									
13	Gross (Cr.)									
14	Subtotal (Account 1180)	$	$	$	$	$	$	$	$	$
	Account 1190, Other accounts receivable									
15	Beginning Balance									
16	Gross Dr.									
17	Gross (Cr.)									
18	Subtotal (Account 1190)	$	$	$	$	$	$	$	$	$
	Account 1200, Notes receivable									
19	Beginning Balance									
20	Gross Dr.									
21	Gross (Cr.)									
22	Subtotal (Account 1200)	$	$	$	$	$	$	$	$	$
	Account 1210, Interest and dividends rec.									
23	Beginning Balance									
24	Gross Dr.									
25	Gross (Cr.)									
26	Subtotal (Account 1210)	$	$	$	$	$	$	$	$	$
27	Total	$	$	$	$	$	$	$	$	$

SCHEDULE B-3c ANALYSIS OF ASSETS PURCHASED FROM
OR SOLD TO AFFILIATES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page. Additional sheets may be used as required.

4. By affiliate, report separately the sales and or purchases of assets at any time during the year.

5. In Section I, report in column (b) the accounts in which purchased assets were recorded. In columns (c), (d), and (e), respectively, report by account the total cost (original cost, if previously used for regulated service), accumulated depreciation, and total net book value of the asets on seller's books at the time of sale. Report in column (f) the fair market value of the assets for each amount reported in column (c), and report in column (g) the purchase price.

6. In Section II, report in column (b) the accounts in which the assets were recorded on the respondent's books of account. In columns (c), (d), and (e), respectively, report by account, the total original cost, the accumulated depreciation, if any, and the total net book value at the time of sale. In column (f) report the fair market value of the assets for each amount reported in column (c), and in column (h) report the sales price.

ANALYSIS OF ASSETS PURCHASED FROM OR SOLD TO AFFILIATES

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

FORM M SCHEDULE B-3c

Line No.	Name of Affiliate (a)	Account (b)	Cost/Original Cost (c)	Accumulated Depreciation (d)	Net Book Value (e)	Fair Market Value (f)	Purchase Price (g)	Sales Price (h)
	SECTION I. PURCHASES FROM AFFILIATES		$	$	$	$	$	
	Purchased from:							
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
	SECTION II. SALES TO AFFILIATES							$
	Sold to:							
15								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								

SCHEDULE B-4 UNCOLLECTIBLE ACCOUNTS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. For accounts identified in columns (b), (c) and (d) enter the amounts for which a description is contained in column (a).

5. In the space provided beginning with line 14, list the affiliation for which amounts were written off during the year.

6. In columns (b), (c), and (d) report the amounts written off for each affiliate reported in column (a).

UNCOLLECTIBLE ACCOUNTS (Accounts 1181, 1191 and 1201)

____
(Company)

FORM M SCHEDULE B-4

Year Ended December 31, 19__
□□□□ □□□□
(Code) (m m y y)

Line No.	Description (a)	Account 1181, Accounts Receivable Allowance-- Telecommunications (b)	Account 1191, Accounts Receivable Allowance-- Other (c)	Account 1201, Notes Receivable Allowance (d)
1	Balance at Beginning of the Year	$	$	$
2	Additional Provision for Uncollectibles Made During the Year			
3	Collection of Amounts Previously Written Off			
4	Other Credits			
5	Total Credits	$	$	$
6	Uncollectibles Written Off During the Year			
7	Other Debits (Explain in a Note)			
8	Total Debits	$	$	$
9	Balance at End of the Year	$	$	$
10	Total Operating Revenue for the Year	$		
11	Net Write Offs During the Year (Line 6 minus Line 3)	$	$	$
12	Ratio of Line 11 to Line 10	%		
13	Ratio of Line 2 to Line 10	%		
14	Uncollectibles Written Off During the Year for Affiliates:	$	$	$

SCHEDULE B-5a ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE RETIRED
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall report in column (b) amounts charged or credited to the accounts identified in column (a) that are related to plant sold with traffic and in column (c) amounts charged or credited to the aocounts identified in column (a) that are related to other plant retired.

5. Charges to Account 3100, Accumulated Depreciation, reported in column (c) shall be reported gross before salvage and cost of removal entries (see Schedule 14A).

6. In the space provided at the bottom of the schedule, respondents shall provide a full explanation of other accounts charged or credited.

ANALYSIS OF TELECOMMUNICATIONS PLANT IN SERVICE RETIRED

FORM M SCHEDULE B-5a

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Account Charged or (Credited) (a)	Plant Sold With Traffic (b)	Other Plant Retired (c)
1	3100 Accumulated Depreciation	$	$
2	3300 Accumulated Depreciation - Nonoperating		
3	3410 Accumulated Amortization - Capitalized Leases		
4	3420 Accumulated Amortization - Leasehold Improvements		
5	3500 Accumulated Amortization - Intangibles		
6	2006 Nonoperating Plant		
7	7150 Gains and Losses From Disposition of Land and Artwork		
8	7160 Other Operating Gains and Losses		
9	7350 Gains or Losses From Disposition of Certain Property		
10	7360 Other Nonoperating Income		
11	Cash or Other Asset Account (Net Selling Price of Depreciable Plant Sold With Traffic)		
12	Cash or Other Asset Account (Net Selling Price of Nondepreciable Plant Sold)		
13	Other Accounts (Specified):*		
14			
15			
16			
17			
18			
19			
20	Total	$	$

*Full explanation of amounts reported on lines 13 through 19:

SCHEDULE B-5b ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 4 pages. Pages 1 and 2 shall include Accounts 2112 through 2232 and pages 3 and 4 shall include Accounts 2311 through 2441.

4. Respondents shall enter in column (b) on pages 1 and 3 the accumulated depreciation balance at the beginning of the calendar year for each line item in column (a).

5. Respondents shall enter in column (c) on pages 1 and 3 the credits to accumulated depreciation as a result of charges to Account 6561, Depreciation Expense, and in column (d) other credits to accumulated depreciation. Other credits shall be noted and explained in a separate sheet accompanying the schedule.

6. In column (e) respondents shall report charges (debits) to accumulated depreciation for plant retired. In column (f) respondents will enter the total of other charges (debits) to accumulated depreciation. In column (g) respondents shall report the balance at the close of the calendar year for each item in column (a).

7. On pages 2 and 4 of each set of schedules, respondents shall enter in columns (i) through (m) the data requested in the column headings for plant retired which was reported in column (e) on pages 1 and 3.

8. Each column shall be subtotaled in the spaces provided on each page.

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Account 3100)

____
(Company)

Year Ended December 31, 19__
□□□□ □□□□
(Code) (m m y y)

Line No.	Account (a)	Balance at Beginning of the Year (b)	CREDITS DURING THE YEAR: Charged to Account 6561 (c)	CREDITS DURING THE YEAR: Other Credits (Specified) (d)	CHARGES DURING THE YEAR: Plant Retired (e)	CHARGES DURING THE YEAR: Other Charges (Specified) (f)	Balance at End of the Year (g)
	Support Assets	$	$	$	$	$	$
1	2112 Motor Vehicles						
2	2113 Aircraft						
3	2114 Special Purpose Vehicles						
4	2115 Garage Work Equipment						
5	2116 Other Work Equipment						
6	2121 Buildings						
7	2122 Furniture						
8	2123 Office Equipment						
9	2123.1 Office Support Equipment						
10	2123.2 Company Communications Equipment						
11	2124 General Purpose Computers						
12	Total Support Assets	$	$	$	$	$	$
	Central Office - Switching						
13	2211 Analog Electronic Switching						
14	2212 Digital Electronic Switching						
15	2215 Electromechanical Switching						
16	2215.1 Step-by-Step Switching						
17	2215.2 Crossbar Switching						
18	2215.3 Other Electro-Mechanical Switching						
19	2220 Operator Systems						
20	Total Central Office Switching	$	$	$	$	$	$
	Central Office - Transmission						
21	2231 Radio Systems						
22	2231.1 Satellite and Earth Station Facilities						
23	2231.2 Other Radio Facilities						
24	2232 Circuit Equipment						
25	Total Central Office - Transmission	$	$	$	$	$	$

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Account 3100)

FORM M SCHEDULE B-5b
2 of 4

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Account (h)	DATA RELATING TO PLANT RETIRED (see column (e)) Book Cost (i)	Cost of Removal (j)	Salvage and Insurance (k)	Miscellaneous Adjustments (l)	Net Charge to Accumulated Depreciation (m)
	Support Assets					
1	2112 Motor Vehicles	$	$	$	$	$
2	2113 Aircraft					
3	2114 Special Purpose Vehicles					
4	2115 Garage Work Equipment					
5	2116 Other Work Equipment					
6	2121 Buildings					
7	2122 Furniture					
8	2123 Office Equipment					
9	2123.1 Office Support Equipment					
10	2123.2 Company Communications Equipment					
11	2124 General Purpose Computers					
12	Total Support Assets	$	$	$	$	$
	Central Office - Switching					
13	2211 Analog Electronic Switching					
14	2212 Digital Electronic Switching					
15	2215 Electromechanical Switching					
16	2215.1 Step-by-Step Switching					
17	2215.2 Crossbar Switching					
18	2215.3 Other Electro-Mechanical Switching					
19	2220 Operator Systems					
20	Total Central Office Switching	$	$	$	$	$
	Central Office - Transmission					
21	2231 Radio Systems					
22	2231.1 Satellite and Earth Station Facilities					
23	2231.2 Other Radio Facilities					
24	2232 Circuit Equipment					
25	Total Central Office - Transmission	$	$	$	$	$

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Account 3100)

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

FORM M SCHEDULE B-5b
3 of 4

Line No.		Account (a)	Balance at Beginning of the Year (b)	CREDITS DURING THE YEAR		CHARGES DURING THE YEAR		Balance at End of the Year (g)
				Charged to Account 6561 (c)	Other Credits (Specified) (d)	Plant Retired (e)	Other Charges (Specified) (f)	
		Information Origination/Termination	$	$	$	$	$	$
1	2311	Station Apparatus						
2	2321	Customer Premises Wiring						
3	2341	Large Private Branch Exchange						
4	2351	Public Telephone Terminal Equipment						
5	2362	Other Terminal Equipment						
6		Total Information Origination/Termination	$	$	$	$	$	$
		Cable and Wire Facilities						
7	2411	Poles						
8	2421	Aerial Cable						
9	2422	Underground Cable						
10	2423	Buried Cable						
11	2424	Submarine Cable						
12	2425	Deep Sea Cable						
13	2426	Intrabuilding Network Cable						
14	2431	Aerial Wire						
15	2441	Conduit Systems						
16		Total Cable and Wire Facilities	$	$	$	$	$	$

ANALYSIS OF ENTRIES IN ACCUMULATED DEPRECIATION (Account 3100)

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

FORM M SCHEDULE B-5b
4 of 4

Line No.	Account (h)	DATA RELATING TO PLANT RETIRED (see column (e)) Book Cost (i)	Cost of Removal (j)	Salvage and Insurance (k)	Miscellaneous Adjustments (l)	Net Charge to Accumulated Depreciation (m)
	Information Origination/Termination	$	$	$	$	$
1	2311 Station Apparatus					
2	2321 Customer Premises Wiring					
3	2341 Large Private Branch Exchange					
4	2351 Public Telephone Terminal Equipment					
5	2362 Other Terminal Equipment					
6	Total Information Origination/Termination	$	$	$	$	$
	Cable and Wire Facilities					
7	2411 Poles					
8	2421 Aerial Cable					
9	2422 Underground Cable					
10	2423 Buried Cable					
11	2424 Submarine Cable					
12	2425 Deep Sea Cable					
13	2426 Intrabuilding Network Cable					
14	2431 Aerial Wire					
15	2441 Conduit Systems					
16	Total Cable and Wire Facilities	$	$	$	$	$

SCHEDULE B-5c BASES OF CHARGES FOR DEPRECIATION
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page. If additional line items are required, a second sheet may be added.

4. Separate schedules shall be filed for each jurisdiction in which the respondent operates and for the overall operations of the respondent.

5. Each plant account and subclassification for which depreciation rates are developed shall be listed in column (a).

6. The net salvage factors in column (d) shall be shown as a percentage of original cost.

7. A "W" in column (b) indicates a whole life rate in column (f), an average service life in column (c) and average net salvage in column (d); and "R" indicates a remaining life rate in column (f), an average remaining life in column (c), a future net salvage in column (d).

8. For each plant account, report in column (f) the prescribed depreciation rate or those used by the carrier in accordance with Part 32, Section 32.2000 (g) of the Commission's Rules.

9. The depreciation rate in column (f) for primary plant accounts for which subclasses or vintages are used, the life in column (c), net salvage percentage in column (d) and the accumulated depreciation percentage in column (e) are to be composited so that the resulting calculated composite rate produces the same charge to operating expenses as the sum of the individual rates applied to the individual classes of plant.

10. In column (g) report the amount of depreciation charged to Account 6561. In column (h) report the amount amortized to Account 6561.

11. In column (i) report the average plant balance and in column (j) report the composite rate.

BASES OF CHARGES FOR DEPRECIATION

☐ Jurisdiction ____________

FORM M SCHEDULE B-5c

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Classes and Subclasses of Depreciable Plant

Line No.	Account Number and Title of Plant Accounts and Subclasses (a)	(Method) Whole or Remaining Life (b)	Life (Years) (c)	Net Salvage (%) (d)	Depreciation Reserve (%) (e)	Depreciation Rate (%) (f)	Account 6561 Expense Amount (g)	Account 6561 Amortization Amount (h)	Average Plant Balance (i)	Composite Rate % (j)
1							$	$	$	%
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
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29										
30										
31										
32										
33										

SCHEDULE B-6a ANALYSIS OF ENTRIES IN PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE

INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall list in column (a) each item amounting individually to $1 million or more and report all others in the aggregate. Amounts reported on this schedule shall be rounded to the nearest thousand dollars.

5. In column (b) respondents shall enter the date the property was recorded in Account 2002, Property Held for Future Telecommunications Use.

6. In column (c) respondents shall enter the dollars related to the property identified in column (a) at the beginning of the calendar year covered by the report.

7. In columns (d) and (e) respondents shall enter additions and retirements, respectively.

8. In column (f) respondents shall enter transfers and adjustments and corrections during the calendar year and fully explain in a note to the schedule each amount recorded in column (f) which exceeds $100,000.

9. In column (g) respondents shall enter the dollars related to the property identified in column (a) remaining in Account 2002 at the close of the calendar year.

ANALYSIS OF ENTRIES IN PROPERTY HELD FOR FUTURE TELECOMMUNICATIONS USE (Account 2002)

FORM M SCHEDULE B-6a

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Location and Description of Property (a)	Date Included in Account 2002 (b)	Book Cost of Property at Beginning of Year (c)	Additions During the Year (d)	Retirements During the Year (e)	Transfers and Adjustments Charges and (Credits) (f)	Book Cost of Property at End of Year (g)
1		$	$	$	$	$	$
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							

SCHEDULE B-6b ANALYSIS OF TELECOMMUNICATIONS PLANT ADJUSTMENT
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall report on line 1 in column (c) the aggregate balance of acquisitions having debit balances and on line 1 in column (d) the aggregate balance of acquisitions having a credit balance at the beginning of the calendar year. The net of aggregate debit and aggregate credit balances shall be reported on line 1 in column (e).

5. In separate sections of this schedule, respondents shall report additions to and reductions of Account 2005, Telecommunications Plant Adjustment.

6. Entries made during the calendar year which increase or decrease the aggregate debit balances or credit balances at the beginning of the year shall be reported on line 8 or line 17 in column (c) or (d) respectively.

7. Additions attributable to acquisitions made during the year shall be separately identified in column (a) in the additions section of this schedule and column (b) shall be used to report the dates that the respondent requested approval of the transaction. Aggregate debit balances shall be recorded in column (d) and aggregate credit balances shall be reported in column (e).

8. Dispositions shall be separately identified in the reductions section. When disposition is made in accordance with Commission approval under 47 C.F.R. Section 32.2005(b)(2) or 47 C.F.R. Section 32.2005(b)(3), the date of the approval shall be entered in column (b).

ANALYSIS OF TELEPHONE PLANT ADJUSTMENT (Account 2005)

FORM M SCHEDULE B-6b

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

	Particulars (a)	Reference (b)	AMOUNTS IN ACCOUNT 2005 Debits (c)	Credits (d)	Net (e)
1	Balance at beginning of the year		$	$	$
	ADDITIONS DURING THE YEAR				
	Acquisitions (Specify):				
2					
3					
4					
5					
6					
7					
8	Other Additions: Schedule 13A, Column (i), Line				
9	Total Additions During the Year		$	$	$
	REDUCTIONS DURING THE YEAR				
	Dispositions (Specify):				
10					
11					
12					
13					
14					
15					
16					
17	Other Reductions				
18	Total Reductions During the Year		$	$	$
19	Balance at End of Year		$	$	$
20	Amounts on Line 19 Being Amortized		$	$	$

SCHEDULE B-7 CAPITAL LEASES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 2 pages.

4. In column (a) on page 1, the respondents shall list in account number order each category of plant (Class B account level) for which capital leases are recorded. (See Section 32.2000(j) for Class B category of plant for Accounts 2110 through 2410.)

5. In succeeding columns, respondents shall disclose in column (b) the present value of the lease commitment at the inception of the lease, in column (c) the accumulated amortization at the close of the period covered by the report, and in column (d) the net book value balance at the close of the period (column (b) minus column (c)).

6. In column (e) on page 2, the respondents shall list in account number order each category of plant for which capital leases are recorded. Line numbers on page 2 shall correspond with line numbers on page 1.

7. In columns (f) and (g) respondents shall disclose the amount of the lease obligation to be paid during the coming year to the lessor and the remaining long-term lease obligation at the close of the year covered by the report.

8. In columns (h), (i) and (j), respondents shall report the annual lease cost components called for in the column headings and paid during the year covered by the report.

CAPITAL LEASES

FORM M SCHEDULE B-7
1 of 2

____
(Company)

Year Ended December 31, 19__
□□□□ □□□□
(Code) (m m y y)

Line No.	Type of Property (a)	Capitalized Amount (b)	Accumulated Amortization in Account 3410 (c)	Balance (d)
1				
2		$	$	$
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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29				
30				
31				
32				
33				
34				

CAPITAL LEASES

FORM M SCHEDULE B-7
2 of 2

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Type of Property (e)	LEASE OBLIGATION		ANNUAL LEASE COST COMPONENTS		
		Current Account 4060 (f)	Long-Term Account 4250 (g)	Amortization Account 6563 (h)	Interest Account 7520 (i)	Other (j)
1		$	$	$	$	$
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
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32						
33						
34						

SCHEDULE B-8 DEFERRED CHARGES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall disclose in separate sections for Account 1439 the amount deferred for each item amounting individually to $1,000,000 or more.

5. Any balancing amount applicable to this account shall be shown on the line Aggregate of All Other Items, which is the line immediately preceding the total line for the account.

DEFERRED CHARGES (Account 1439)

(Include data for each item in excess of $1,000,000.)

FORM N SCHEDULE B-8

____

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Description of Item (a)	Amount at End of the Year (b)
1	Account 1439	
2		$
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31	Aggregate Of All Other Items	
32	Total	$

SCHEDULE B-9 ACCOUNTS PAYABLE
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In Section I respondents shall identify each affiliate creditor in column (a), the beginning balance in column (b), the gross debits and gross credits in columns (c) and (d), respectively, and the balance at the end of the year in column (e).

5. In Section II respondents shall identify in column (a) the name of the ten largest creditors to whom an amount of $1,000,000 or more was payable at the end of the calendar year. In column (e) for each creditor identified in column (a), respondents shall report the amount owed each creditor at the close of the calendar year.

ACCOUNTS PAYABLE (Account 4010)

FORM M SCHEDULE B-9

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Name of Creditor (a)	Balance at Beginning of the Year (b)	ACTIVITY DURING THE YEAR Gross Debits (c)	Gross Credits (d)	Balance at End of the Year (e)
	Payables to Affiliates	$	$	$	$
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13	Total	$	$	$	$
	Other Accounts Payable (Ten largest items in excess of $1,000,000.)				
14					$
15					
16					
17					
18					
19					
20					
21					
22					
23					
24	Aggregate of all other items				
25	Total				$

SCHEDULE B-10 LONG-TERM DEBT
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall disclose in account number order in column (a) a description of the long-term obligation, including those maturing in the coming year.

5. In columns (b), (c), (d) and (e), respectively, respondents shall enter the face amount authorized, the nominal date of issue, the date of maturity, and the face amount outstanding recorded in Account 4050, and the face amount outstanding in Account 4210, 4260 or 4270.

6. In column (f), respondents shall enter the amount of unamortized premium or (discount) in Accounts 4220 and 4230, respectively. Discounts shall be enclosed in parentheses.

7. In column (g) respondents shall report any unamortized debt issuance expenses related to the issue reported in column (a).

8. In columns (h) and (i), respectively, respondents shall enter the stated rate and the yield rate. Stated rate shall be defined as the interest rate on the face amount of the debt instrument. Yield rate shall be defined as the rate of interest after consideration of the discount or premium and any related unamortized debt issuance expenses.

LONG-TERM DEBT (Accounts 4050, 4210, 4220, 4230, 4260 and 4270)

FORM M SCHEDULE B-10

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Face Amount Outstanding: Account 4050 (d)	Face Amount Outstanding: Accounts 4210, 4260, and 4270 (e)	Unamortized Premium (Account 4220) or (Discount) (Account 4230) (f)	Unamortized Debt Issuance Expense (Account 1407) (g)	Stated Rate (h)	Yield Rate (i)
1				$	$	$	$	%	%
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
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SCHEDULE B-11 NET DEFERRED OPERATING INCOME TAXES (Accounts 4100 and 4340)
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (b) respondents shall provide the beginning balance for the year for each of the line items in column (a).

5. In columns (c) and (d) respondents shall provide the account numbers and amounts, respectively, for current year deferrals.

6. In column (e) respondents shall provide the amounts for the current year amortizations.

7. In column (g) respondents shall provide the adjustments (debit or (credit)) made to the items in column (a) if the adjustment amounts to $100,000 or more. Each adjustment shall also be explained at the bottom of this schedule.

8. In column (h) respondents shall provide the ending balance for the year.

NET DEFERRED OPERATING INCOME TAXES (Account 4100 and 4340)

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

FORM M SCHEDULE B-11

Line No.	Particulars (a)	Balance at Beginning of Year (b)	Account (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	PROPERTY RELATED	$		$	$	$	$
	NET CURRENT OPERATING INCOME TAXES (Account 4100)						
	Provision for Deferred Operating Income Taxes - Net						
1	Federal Income Taxes						
2	State and Local Income Taxes						
3	Total Net Current Operating Income Taxes (Account 4100)	$	7250	$	$	$	$
	NET NONCURRENT OPERATING INCOME TAXES (Account 4340)						
	Provision for Deferred Operating Income Taxes - Net						
4	Federal Income Taxes						
5	State and Local Income Taxes						
6	Total Net Noncurrent Operating Income Taxes (Account 4340)	$	7250	$	$	$	$
7	TOTAL PROPERTY RELATED DEFERRED OPERATING INCOME TAXES	$		$	$	$	$
	NONPROPERTY RELATED						
	NET CURRENT OPERATING INCOME TAXES (Account 4100)						
	Provision for Deferred Operating Income Taxes - Net	$		$	$	$	$
8	Federal Income Taxes						
9	State and Local Income Taxes						
10	Total Net Noncurrent Operating Income Taxes (Account 4100)	$	7250	$	$	$	$
	NET NONCURRENT OPERATING INCOME TAXES (Account 4340)						
	Provision for Deferred Operating Income Taxes - Net						
11	Federal Income Taxes						
12	State and Local Income Taxes						
13	Total Net Noncurrent Operating Income Taxes (Account 4340)	$	7250	$	$	$	$
14	TOTAL NONPROPERTY RELATED DEFERRED OPERATING INCOME TAXES	$		$	$	$	$

SCHEDULE B-12 NET DEFERRED NONOPERATING INCOME TAXES (Accounts 4110 and 4350)
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (b) respondents shall provide the beginning balance for the year for each of the line items in column (a).

5. In columns (c) and (d) respondents shall provide the account numbers and amounts, respectively, for current year deferrals.

6. In column (e) respondents shall provide the amounts for the current year amortizations.

7. In column (f) respondents shall provide the adjustments (debit or (credit)) made to the items in column (a) if the adjustment amounts to $100,000 or more. Each adjustment shall be explained at the bottom of this schedule.

8. In column (g) respondents shall provide the ending balance for the year.

NET DEFERRED NONOPERATING INCOME TAXES (Accounts 4110 and 4350)

FORM M SCHEDULE B-12

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Particulars (a)	Balance at Beginning of Year (b)	Account (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance at End of Year (g)
	PROPERTY RELATED						
	NET CURRENT NONOPERATING INCOME TAXES (Account 4110)	$		$	$	$	$
	Provision for Deferred Nonoperating Income Taxes - Net						
1	Federal Income Taxes		7450				
2	State and Local Income Taxes		7450				
	Deferred Income Tax Effect of Extraordinary Items - Net						
3	Federal Income Taxes		7640				
4	State and Local Income Taxes		7640				
5	Total Net Current Nonoperating Income Taxes (Account 4110)	$		$	$	$	$
	NET NONCURRENT NONOPERATING INCOME TAXES (Account 4350)						
	Provision for Deferred Nonoperating Income Taxes - Net						
6	Federal Income Taxes		7450				
7	State and Local Income Taxes		7450				
	Deferred Income Tax Effect of Extraordinary Items - Net						
8	Federal Income Taxes		7640				
9	State and Local Income Taxes		7640				
10	Total Net Noncurrent Nonoperating Income Taxes (Account 4350)	$		$	$	$	$
11	TOTAL PROPERTY RELATED DEFERRED NONOPERATING INCOME TAXES	$		$	$	$	$
	NONPROPERTY RELATED						
	NET CURRENT NONOPERATING INCOME TAXES (Account 4110)						
	Provision for Deferred Nonoperating Income Taxes - Net						
12	Federal Income Taxes		7450				
13	State and Local Income Taxes		7450				
	Deferred Income Tax Effect of Extraordinary Items - Net						
14	Federal Income Taxes		7640				
15	State and Local Income Taxes		7640				
16	Total Net Noncurrent Nonoperating Income Taxes (Account 4110)'	$		$	$	$	$
	NET NONCURRENT NONOPERATING INCOME TAXES (Account 4350)						
	Provision for Deferred Nonoperating Income Taxez - Net						
17	Federal Income Taxes		7450				
18	State and Local Income Taxes		7450				
	Deferred Income Tax Effect of Extraordinary Items - Net						
19	Federal Income Taxes		7640				
20	State and Local Income Taxes		7640				
21	Total Net Noncurrent Nonoperating Income Taxes (Account 4350)	$		$	$	$	$
22	TOTAL NONPROPERTY RELATED DEFERRED NONOPERATING INCOME TAXES	$		$	$	$	$

SCHEDULE B-13 OTHER DEFERRED CREDITS (ACCOUNT 4360)
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall disclose in column (a) the nature of each item in the account amounting individually to $1 million or more.

5. Respondents shall disclose remaining amounts in the aggregate.

OTHER DEFERRED CREDITS (Account 4360)

FORM M SCHEDULE B-13

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Item (a)	Amount at End of the Year (b)
1		$
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31	Aggregate of All Other Items	
32	Total	$

SCHEDULE B-14 CAPITAL STOCK
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Beginning with common stock, respondents shall enter the class of stock and a description of any pertinent details such as differences in voting rights, preferences as to dividends or assets, pledges, etc.

5. Respondents shall provide the information specified in column headings (b) through (h) and note any other pertinent information at the bottom of the schedule.

CAPITAL STOCK (Account 4510)

FORM M SCHEDULE B-14

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Class and Description of Capital Stock (a)	Par or Stated Value Amount (b)	Number of Shares Authorized (c)	Amount of Stock Issued and Outstanding (d)	Additional Paid In Capital (e)	Total (Col. (d) & (e)) (f)	Number of Shares of Treasury Stock (g)	Amount in Treasury Stock Account (h)
1		$		$	$	$		$
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33	Total	$		$	$	$		$

SCHEDULE B-15 CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR

INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 2 pages.

4. In column (a) the description of the security should include, as appropriate, the dividend rate (if any) or the interest rate, term and maturity date.

5. In columns (b) and (c) report the cost per unit of the reacquired securities, i.e., the call rate per unit in the case of called securities, the face amount per unit of matured debt, or the average purchase price per unit in the case of other securities reacquired. Do not include brokerage fees, unamortized discounts, premiums or issuance costs in this amount.

6. If securities are reacquired in one year and retired in another, only the data called for in columns (a), (f) and (g) shall be reported for the year in which they are retired.

7. With respect to columns (i) to (n), inclusive, report dispositions of discounts, premiums, and expenses in the year in which the dispositions are made. Do not report normal amortization of amounts includable in Account 4220, Discount on Long-Term Debt, or Account 4230, Premium on Long-Term Debt, through charges or credits to Account 7510, Interest on Funded Debt. If any amounts are to be amortized, state that fact in a note, describe the plan of amortization (including the period thereof), and give references to (1) the public authorities (if any) having jurisdiction over each transaction, (2) their authorization (e.g., case or docket number), and (3) this Commission's approval of the proposed accounting. In columns (k) and (l) report the call or tender premiums associated with the reacquired securities, and in columns (m) and (n) report the other associated cost of reacquisition, including brokerage fees and unamortized discounts, premiums and issuance costs associated with the securities reacquired.

8. In the case of securities reacquired or retired in connection with refinancing, identify in a note the year and schedule of the annual report in which the refunding issue is described.

FORM M SCHEDULE B-15
1 of 2

CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Security (a)	REACQUIRED DURING THE YEAR				RETIRED DURING THE YEAR	
		REACQUISITION COST					
		Per $100 of Debt (b)	Per Share of Stock (c)	Book or Face Amount (d)	Number of Shares of Stock (e)	Book or Face Amount (f)	Number of Shares of Stock (g)
1		$	$	$		$	
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
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32							
33							

CAPITAL STOCK AND FUNDED DEBT REACQUIRED OR RETIRED DURING THE YEAR

FORM M SCHEDULE B-15
2 of 2

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Effective Date of Call (if any) (h)	UNAMORTIZED DISCOUNT (OR PREMIUM) AND EXPENSE		REDEMPTION PREMIUM (OR DISCOUNT)		REACQUISITION OR REDEMPTION EXPENSES		Remarks (o)
		Account (i)	Amount (j)	Account (k)	Amount (l)	Account (m)	Amount (n)	
1			$		$		$	
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
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33								

SCHEDULE I-1 INCOME STATEMENT ACCOUNTS

INSTRUCTIONS

1. Respondents shall file a paper copy of the ARMIS USOA Report (Form 43-02, Table II).

SCHEDULE I-2 SPECIAL EXPENSES ATTRIBUTABLE TO FORMAL REGULATORY CASES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall enter in columns (b) through (e) dollar amounts for expenses incurred during the year in connection with formal cases where the total expenses applicable to an individual regulation or case were $100,000 or more before Federal, State, and other regulatory commissions, and in cases in which such a commission is a party, including to the same extent, the cost of valuations, inventories, and appraisals of plant made for rate-case purposes and those taken in compliance with State and other regulatory authorities.

5. Expenses in connection with the procurement of franchises, issuance of capital stock and funded debt, and the expenses of securing certificates of convenience and necessity shall not be included in this schedule.

6. In column (a) respondents shall provide a complete description of the regulation, hearing, or case that occasioned the items reported, including its number or other identification and the name of the regulatory commission concerned.

7. In column (b) respondents shall include special assessments by regulatory commissions pertaining to the proceedings reported. General assessments by such commissions shall not be included in this schedule.

8. In column (c) respondents shall include amounts such as fees, retainers, and expenses (excepting minor expenses not readily separable) paid to attorneys, consultants, and others not carried on the payroll of respondents.

9. In column (d) respondents shall include salaries and wages and readily associable expenses of employees that have been employed or retained in service by respondent solely or almost entirely because of one or more of the proceedings reported. Total expenses reported in columns (b), (c) and (d) shall be reported in column (e).

SPECIAL EXPENSES ATTRIBUTABLE TO FORMAL REGULATORY CASES

FORM M SCHEDULE I-2

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Regulation or Case (a)	Special Assessments by Regulatory Commissions (b)	OTHER SPECIAL EXPENSES: Fees, Retainers, Expenses, and Other Billed Items (c)	OTHER SPECIAL EXPENSES: Incremental Payroll Costs and Directly Associable Expenses (d)	Total Reported Expenses and Assessments (e)
1		$	$	$	$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33	Total	$	$	$	$

SCHEDULE I-3 GENERAL SERVICES AND LICENSES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall enter in column (a) the name of the affiliate to whom respondents paid $100,000 or more for services received under a license agreement, a general service contract, or other arrangement providing for the furnishing of general accounting, engineering, financial, legal, patent, and other general services.

5. Respondents shall describe in column (b) the type of service provided.

GENERAL SERVICES AND LICENSES

FORM M SCHEDULE I-3

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Name of Affiliate (a)	Service Provided (b)	Amount (c)
1			$
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28	Aggregate Of All Other Items		
29	Total		$

SCHEDULE I-4 PENSION COST
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page. Separate pages shall be filed for each major plan, e.g., management and nonmanagement.

4. Respondents shall provide information for the year covered by the report in column (b) and for the preceding year in column (c).

5. On line 1, respondents shall disclose the accumulated benefit obligation which is the actuarial present value of benefits as of a specific date during the calendar year determined according to the terms of a pension plan and based on employees' compensation and service to that date (salary progression is not considered in making this computation).

6. On line 2, respondents shall disclose the projected benefit obligation which is the actuarial present value of all benefits attributed to employee service up to a specific date, based on the terms of the plan including salary progression factor for final pay and career average pay plans.

7. On line 3, respondents shall disclose the fair value of plan assets which for the purpose of this schedule shall mean the amount that a pension plan could reasonably expect to receive for investments in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale.

8. On lines 4 and 5, respondents shall report, respectively, the discount rate for the settlement of liabilities which was used to adjust to present values and the expected long-term return on plant assets which shall be the rate of earnings expected on funds invested or to be invested to provide the benefits included in the projected benefit obligation.

9. On lines 6 through 10, respondents shall report in columns (b) and (c) the dollar amounts of components of the net periodic pension cost calculation.

10. On lines 12 and 13, respondents shall report, respectively, the number of active and retired employees under the plan.

11. On lines 14 through 17, respondents shall report at the reporting company level in columns (b) and (c) the dollar amounts for each line. The term "Minimum Required Contribution" shall mean the payment by the respondent to its employees' pension fund to meet the requirement set forth in the Employee Retirement Income Security Act of 1974 (ERISA); the term "Actual Contribution" shall mean the amount contributed by the respondent to its employees' pension fund; the term "Maximum Amount Deductible" shall mean the amount of pension expense that is allowable under Section 415 of the Internal Revenue Code; and the term "Benefit Payments" shall mean disbursements from a pension to entitled participants for pension benefits, death benefits and benefits due on termination of employment.

12. On lines 18 through 20, respondents shall disclose in columns (b) and (c) for the reporting company the total pension cost, the pension cost capitalized and the accumulated pension asset or (liability) at the close of the year.

13. On lines 21 and 22, respondents shall disclose in columns (b) and (c) for the reporting company the active and retired employees covered.

PENSION COST

PLAN NAME ______________________

FORM M SCHEDULE 1-4

____
(Company)

Year Ended December 31, 19__
(Code) (m m y y)

Line No.	Item (a)	Current Year (b)	Previous Year (c)
	Plan Data		
1	Accumulated Benefit Obligation	$	$
2	Projected Benefit Obligation	$	$
3	Fair Value of Plan Assets	$	$
4	Discount Rate for Settlement of Liabilities	%	%
5	Expected Long-Term Return on Assets	%	%
	Net Periodic Pension Cost:		
6	Service Cost	$	$
7	Interest Cost		
8	Return on Plan Assets		
9	Amortization of Transition Amount		
10	Amortization of Gains or Losses		
11	Total	$	$
12	Number of active Employees		
13	Number of Retired Employees		
	Reporting Company		
14	Minimum Required Contribution	$	$
15	Actual Contribution	$	$
16	Maximum Amount Deductible	$	$
17	Benefit Payments	$	$
18	Pension Cost	$	$
19	Pension Cost Capitalized	$	$
20	Accumulated Pension Asset/Liability at close of year	$	$
21	Number of Active Employees		
22	Number of Retired Employees		

13

SCHEDULE I-5a OTHER OPERATING TAXES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page. If additional sheets are necessary the total reported in column (h) shall be included only on the last sheet.

4. In column (a) respondents shall list the name of each jurisdiction to which government taxes were payable. Among items includable are property, gross receipts, franchise and capital stock taxes.

5. Respondents shall list as column headings (b) through (g) a short descriptive title for each type of tax charged to Account 7240.

6. Respondents shall disclose by a footnote taxes applicable to its plant leased to others to which the rent is credited to Account 5240, Rent Revenue.

OPERATING OTHER TAXES (Account 7240)

FORM M SCHEDULE I-5a

____
(Company)

Year Ended December 31, 19__

□□□□ □□□□
(Code) (m m y y)

Line No.	Name of Government (a)	TYPE OF TAX (b)	(c)	(d)	(e)	(f)	(g)	Total (h)
1	U.S. Government	$	$	$	$	$	$	$
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20	Total	$	$	$	$	$	$	$
22	Charged to construction							
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33	Net Charged to Account	$	$	$	$	$	$	$

SCHEDULE I-5b PREPAID TAXES AND TAX ACCRUALS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (a), respondents shall list each category of tax for which the respondent was liable on its own behalf during the year. Should any type of tax be applicable to more than one year, respondents shall disclose those taxes separately for each year.

5. Respondents shall disclose in column (b) the amount of prepaid taxes and in column (c) the amount of tax accruals at the beginning of the year and in column (d) other taxes accrued.

6. In column (e) respondents shall list the accounts charged and in column (f) the amount of taxes accrued during the year.

7. In column (g) respondents shall disclose the amount of taxes paid and in column (h) the adjustments with an explanation for each adjustment amounting to $100,000 or more.

8. In succeeding columns, respondents shall disclose the balance at the end of the year for the prepaid taxes, income tax accruals and other taxes accrued.

PREPAID TAXES AND TAX ACCRUALS (Accounts 1300, 4070 and 4080)

(Company)

Year Ended December 31, 19__

□□□□ □□□□

(Code) (m m y y)

FORM M SCHEDULE I-5b

Line No.	Particulars (a)	Balance at Beginning of the Year			Taxes Accrued During Year		Taxes Paid During the Year (g)	Adjustments Debit or (Credits) (h)	Balance at End of the Year		
		Prepaid Taxes (Account 1300) (b)	Income Taxes-Accrued (Account 4070) (c)	Other taxes-Accrued (Account 4080) (d)	Acct. Chgd. (e)	Amount (f)			Prepaid Taxes (Account 1300) (i)	Income Taxes Accrued (Account 4070) (j)	Other Taxes Accrued (Account 4080) (k)
1		$	$	$		$	$			$	$
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30											
31											
32											
33		$	$	$		$	$	$	$	$	$

SCHEDULE I-5c EXCISE TAXES COLLECTED FROM USERS OF RESPONDENT'S SERVICES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall report in columns (a) and (b) the name of each state or jurisdiction and the amount for which excise taxes were collected, respectively.

EXCISE TAXES COLLECTED FROM USERS OF RESPONDENT'S SERVICES

FORM M SCHEDULE I-5c

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Tax Levied By (a)	Amount (b)
1	United State Government	$
	State or Other Jurisdiction (Specified):	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29	Total	$

SCHEDULE I-6 ADVERTISING
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall disclose on line 1, the total amount charged to Account 6613, Product Advertising. Those costs shall include costs incurred in developing and implementing promotional strategies to stimulate the purchase of products and services.

5. Respondents shall disclose on line 2 the total amount of external relations expenditures to include cost to maintain relations with the government, regulators, other companies and the general public.

6. On line 3, respondents shall individually identify other operating accounts which were used in recording advertising expenses amounting to $100,000 or more.

7. On line 4, respondents shall report the total advertising expenses charged to operating expenses.

8. On line 5, respondent shall individually disclose any advertising costs recorded in Account 7370, Special Charges, that have been included in the determination of operating expenses for ratemaking purposes.

ADVERTISING

FORM M SCHEDULE 1-6

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Account Title (b)	Amount During the Year (c)
	OPERATING EXPENSES	
1	6613 Product Advertising	$
2	6722 External Relations	
3	All other accounts used to record expenses of $100,000 or more.	
4	Total	$
5	Account 7370 Special Charges	
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31	Total	$

SCHEDULE I-7 MEMBERSHIP FEES AND DUES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall disclose in column (b) the amount paid for membership fees and dues for each line item in column (a).

5. Respondents shall specify in column (a) any other type of organization to which membership fees and dues were paid.

47

MEMBERSHIP FEES AND DUES

FORM M SCHEDULE 1-7

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Particulars (a)	Amount (d)
	EXPENDITURES CHARGED TO OPERATING EXPENSES	
	MEMBERSHIPS IN:	
1	Associations of Telecommunications Companies	$
2	Trade, Technical, and Professional Associations	
	Other Organizations (Specify Type):	
3		
4		
5		
6		
7		
	Total	$
	EXPENDITURES CHARGED TO ACCOUNT 7370	
	MEMBERSHIPS IN:	
8	Social and Athletic Clubs	$
9	Service Clubs	
	Other Organizations (Specify Type):	
10		
11		
12		
13		
14		
15	Total	$

SCHEDULE I-8 SPECIAL CHARGES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (a) respondents shall establish separate captions for (1) advertising expenses, (2) memberships fees and dues, (3) abandoned construction projects, (4) penalties and fines, (5) charitable, social or other community welfare, and (6) all other items in the aggregate.

5. Under captions (1), (2), (5) and (6) report aggregate amounts, and under captions (3) and (4) report individual items amounting to $100,000 or more.

SPECIAL CHARGES (Account 7370)

FORM M SCHEDULE 1-8

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Description of Item (a)	Amount (b)
1		$
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	Aggregate Of All Other Items	
28	Total	$

SCHEDULE I-9 DONATIONS OR PAYMENTS FOR SERVICES
RENDERED BY PERSONS OTHER THAN EMPLOYEES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. Respondents shall report all charitable donations and payments to academia. Respondents shall also report in alphabetical order the recipient and the amount paid for advertising and information services, clerical and office services, computer and data processing services, personnel services, and printing and design services when payments to the recipient exceeds $250,000 during the calendar year. Respondents shall report in alphabetical order, the recipient and the amount paid for auditing and accounting services, consulting and research services, financial services, legal services and any other type of service when payments to the recipient exceeds $25,000 during the calendar year.

5. The term "payments" includes fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payments for services or as donations. This does not include rents for property, taxes, utility services, traffic settlements, amounts paid to affiliates for general services and licenses, and amounts paid to persons other than non carrier affiliates for construction or maintenance of plant.

DONATIONS OR PAYMENTS FOR SERVICES RENDERED BY PERSONS OTHER THAN EMPLOYEES

FORM M SCHEDULE 1-9

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Name of Recipient (a)	Nature of Service (b)	Amount of Payment (c)
1			
2			$
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
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29			
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31			
32			
33			
34			
35			

SCHEDULE I-10 ANALYSIS OF DIVIDEND AND INTEREST INCOME
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (b) respondents shall report their share of undistributed earnings or (losses) of affiliated companies accounted for under the equity method recorded in Account 7360, Other Nonoperting Income.

5. In column (c) respondents shall report dividend income recorded in Account 7310, Dividend Income.

6. In the section provided for other sources of interest income, respondents shall identify sources providing interest income of $100,000 or more during the year.

ANALYSIS OF DIVIDEND AND INTEREST INCOME

FORM M SCHEDULE 1-10

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Source of Income (a)	Account 7360 Other Nonoperating Income (b)	AMOUNTS CREDITED TO: Account 7310 Dividend Income (c)	Account 7320 Interest Income (d)	Account 7340 Allowance for Funds Used During Construction (e)	Account 7330 Income from Sinking and Other Funds: Dividend Income (f)	Account 7330 Income from Sinking and Other Funds: Interest Income (g)
	INVESTMENTS	$	$	$	$	$	$
1	1160 Temporary Investments						
2	1401 Investments in Affiliated Companies						
3	1402 Investments in Nonaffiliated Companies						
	FUNDS						
5	1408 Sinking Funds						
	OTHER SOURCES OF INTEREST INCOME						
6	2004 Telecommunications Plant Under Construction - Long Term						
	Other (specified):						
7							
8							
9							
10							
11							
12							
13							
14							
9	Aggregate Of All Other Items						
10	Total		$	$	$	$	

SCHEDULE I-11 ANALYSIS OF EXTRAORDINARY ITEMS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (a) respondents shall report the particulars with respect to Account 7610, Extraordinary Income Credits, and Account 7620, Extraordinary Income Charges. Following the details for each account, show the total amount reported in each account for the period.

5. In column (b) respondents shall report the amounts in Account 7610 and in column (c) respondents shall report the amounts in Account 7620.

6. Respondents shall report the tax effects of items in Account 7610 and Account 7620 in column (d) or column (e), as appropriate.

ANALYSIS OF EXTRAORDINARY ITEMS (Accounts 7610 and 7620)

FORM M SCHEDULE I-11

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	Particulars (a)	Credit Amounts (b)	Debit Amounts (c)	Tax Effect Included in Account 7630 (d)	Tax Effect Included in Account 7640 (e)
1		$	$	$	$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
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28					
29					
30					
31					
32					
33					
34					
35					

STATISTICAL SCHEDULES
General Instructions - Definitions

Definitions

Schedule S-1

1. Aerial Wire - Consists of both open and insulated single or multi-paired covered wire. Aerial wire can be found in both the distribution/exchange or interoffice facilities.

2. Aerial Cable - Cables that are attached to utility poles. The cables in this environment can have conductors that are either metallic copper or non-metallic. Aerial cables can be found in both the distribution/exchange or interoffice facilities.

3. Miles of Cable - Sheath mileage.

4. Miles of Wire in Aerial Cable - The number of conductors or physical transmission paths times the sheath mileage.

5. Underground Cable - Cables that are located in conduit and manholes. The cables in this environment can have conductors that are either metallic copper or non-metallic. Underground cable facilities can be found in both the distribution/exchange or interoffice facilities.

6. Miles of Wire in Underground Cable - The number of conductors or physical transmission paths times the sheath mileage.

7. Buried Cable - This cable account consists of cables that are directly buried below the ground and not placed in conduit structure. The cables in this environment can have conductors that are either metallic copper or non-metallic. Buried cable facilities can be found in both the distribution/exchange or interoffice facilities.

8. Miles of Wire in Buried Cable - The number of conductors or physical transmission paths times the sheath mileage.

9. Submarine Cable - Cables that are submerged and cross large bodies of water. Cables in this environment are laid directly on the bottom and not enclosed within a protective cover such as conduit. The cables in this environment can have transmission or paths comprised of either metallic conductors or non-metallic fibers.

10. Submarine cable facilities can be found in both the distribution/exchange or interoffice facilities.

11. Miles of Wire in Submarine Cable - The number of conductors or physical transmission paths times the sheath mileage.

12. Miles of Wire in Deep Sea Cable - Similar definition as submarine cable above.

13. Fiber Optic Cable - Thin filaments of glass or other transparent material enclosed in a protective sheath through which a light beam may be transmitted. Fiber cables can be found in both distribution/exchange and interoffice/trunk facilities.

14. Fiber Miles - Total deployed measurement of miles derived from taking the number of sheath miles times the number of fibers in the sheath.

15. The Number of Fiber Miles Lit - The portion of fiber miles that are equipped with electronics for transmission use or are ready for use.

16. Number of Poles - Sum of solely owned and portions of jointly owned poles.

17. Equipped Miles of Tube in Coaxial Cable - Coaxial Sheath Miles times the number of tubes equipped with electronics.

18. Conduit System - Pipe placed in the ground (which is reusable in place) through which cables are pulled.

19. Trench Miles - Length of the ditch which contains the duct.

20. Duct Miles - The number of ducts times the trench miles.

21. Radio Relay - Equipment which is used to transmit and receive radio waves through space over which communications channels are provided.

22. Miles of System - Total distance between repeater sites making up for microwave radio systems above 890 mhz.

23. Miles of Radio Channel - Total miles of one-way radio channels used for message, special services, video, or protection.

24. Miles of Equivalent 4khz Telephone Channel - Number of equivalent 4khz telephone circuit miles which are equipped and on radio systems.

25. Intrabuilding Network Cable - Cables located on the carrier's side of the demarcation point or standard network interface inside subscribers' buildings or between buildings on one customer's same premises.

26. Miles of Wire in Intrabuilding Network Cable - The number of conductors or physical transmission paths times the sheath mileage.

27. Total cable - Total sheath miles of all cables (including fiber and coaxial cables); total miles of wire in all cables (including fiber in fiber cable and coaxial tube in coaxial cables).

28. Total Equipped Carrier Channel Miles - Total equivalent 4khz telephone grade circuit miles in carrier plant.

29. Equivalent 4khz Analog Carrier Channel Miles - Includes open wire, paired cable (K, N1, N2, N3, N4, ON, ON/K), microwave radio (TL, TM, TD2, TD3), and other analog microwave. (Reported for interoffice only in circuit miles.)

30. DS-1 Digital or Equivalent Carrier Channel Miles - Includes lightguide (fiber) cables, digital subscriber paired cable (T1, T1C, T1D, T2), microwave radio (DR11-40, other digital microwave). (Reported for interoffice only in circuit miles.) A DS-1 carrier channel operates at a 1.544 mb/sec data rate and can handle 24 64kb/sec voice channels. Multiply each DS-1 channel by 24 for this data item, since a DS-1 can be equipped with up to 24 voice grade circuts operating at 64kb/sec.

31. Video - Miles of derived video channels. (Interoffice only.)

32. Radio System Miles - Total distance between repeater sites making up microwave network.

<u>Schedule S-2</u>:

33. Central Office Switch - Piece of electromechanical or electronic hardware for establishing connections from lines to lines, lines to trunks, and trunks to trunks. (Excludes operator service centers.)

34. ISDN 16kb/sec Control Channels - The packet switched channel on a digital subscriber line (where it is 16kb/sec) or an extended digital subscriber line (where it is 64kb/sec) that carries signaling messages and packet-switched user data. Control channels not operating at the 16kb/sec rate should be reported in 16kb/sec equivalent units. The number of equivalent 16kb/sec units should then be divided by 4.

35. 64kb/sec or Equivalent Access Lines or ISDN B Channels - The 64kb/sec channel of a digital subscriber line (Basic Access Rate) or an extended digital subscriber line (Primary Access Rate) that is circuit switched and can carry either voice or data. This does not include access lines from a digital switch unless the lines themselves are

64kb/sec lines. An example might be a line that is used with a phone from a DMS 100 switch.

36. Main Analog Access Lines 4khz or Equivalent - Total switched network access lines excluding PBX Trunks, Centrex-CO Lines, and Centrex-CU Trunks, Hotel/Motel LD Trunks, and Multi-Line Semi-Public Lines.

37. Digital DS-1 Access Lines to PBX's and Centrex (Customer Location) - The number of 1.544 or equivalent (Hi-CAP) connecting to a customer's location.

38. Equivalent 4khz Analog Circuits or Trunks Connecting to Customer Location PBX's or Centrex Trunks - Service provided by equipment located on customer controlled space including Centrex-CU Trunks, PBX Trunks, Hotel/Motel LD Trunks, Multi-Line Semi-Public Lines.

39. Equivalent 4khz Extension - Circuits connecting a centrex or PBX on telephone company premises to telephones on the customer's premises; service provided by equipment on telephone company owned or leased space including Centrex-CO lines.

Schedule S-3

40. Business Access Lines - Total switched access lines excluding residence and public access lines.

41. Single Line - A single business network access line which serves one party (i.e. 1MB).

42. Multi-Line Business - Multi-line business network access lines including Multi-Line Semi-Public Lines, PBX Trunks, Centrex-CU Trunks, Hotel/Motel LD Trunks and Centrex-CO Lines.

43. Public Access Line - The Total of Coin (Public and Semi-Public) and public lines excluding customer owned pay telephones (COPT).

44. Residential Access Lines - Total switched access line excluding business and public access lines.

45. Mobile Access Lines - Mobile radio common carrier.

46. Special Access Lines (non-switched) - Total IEC's Special Access.

47. For Schedule S-3, ISDN and other digital access lines should be reported as 4khz or 64kb/sec equivalents. A DS-1 line for example, corresponds to 24 4khz or 64kb/sec equivalents.

48. Local Calls - Total Calls minus Total Toll Calls.

SCHEDULE S-1 OUTSIDE PLANT STATISTICS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 2 pages.

4. Report the mileage at the end of the year for all solely owned plant and respondent's proportionate interest in jointly owned plant.

5. If any required data are available only in part or on an estimated basis, explain in a note.

6. In columns (a) through (q) include fiber cable with other cable types. For column (k) include miles of fiber and miles of wire in the total.

7. For column (t) provide only the number of fiber miles "lit" or equipped with electronics. Do not provide total sheath mileage.

8. For columns (u) and (w) provide the total fiber miles and tube miles in the ground, not just the amount equipped with carrier equipment or in service.

9. In columns (z), (aa), and (bb) report the aggregate number of miles of system or channels, as appropriate, between the individual stations or radio-relay systems.

10. In column (p), the miles in cable is the total of columns (d), (f), (h), (j), (l) and (n).

11. In column (q), the miles of wire in cable is the total of columns (e), (g), (i), (k), (m) and (o).

OUTSIDE PLANT STATISTICS

FORM M SCHEDULE R-1
1 of 2

____
(Company)

Year Ended December 31, 19__
☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No. (a)	State or Territory (b)	Miles of Aerial Wire (c)	AERIAL CABLE: Miles of Cable (d)	AERIAL CABLE: Miles of Wire In Cable (e)	UNDERGROUND CABLE: Miles of Cable (f)	UNDERGROUND CABLE: Miles of Wire In Cable (g)	BURIED CABLE: Miles of Cable (h)	BURIED CABLE: Miles of Wire In Cable (i)	SUBMARINE CABLE: Miles of Cable (j)	SUBMARINE CABLE: Miles of Wire In Cable (k)
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14	Total									

Line No. (r)	State or Territory (s)	MILES OF FIBER IN CABLE: Fiber Miles Lit (Equipped with Electronics) (t)	MILES OF FIBER IN CABLE: Fiber Miles (Total Deployed) (Lit and Dark) (u)	Number of Poles (v)	Equipped Miles of Tube In Coaxial Cable (w)	CONDUIT SYSTEM: Trench Miles (x)	CONDUIT SYSTEM: Duct Miles (y)	RADIO RELAY: Miles of System (z)	RADIO RELAY: Miles of Radio Channel (aa)	RADIO RELAY: Miles of Equivalent 4khz Telephone Channel (bb)
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14	Total									

OUTSIDE PLANT STATISTICS

FORM M SCHEDULE S-1
2 of 2

____
(Company)

Year Ended December 31, 19__

□□□□ □□□□
(Code) (m m y y)

Line No. (a)	State or Territory (b)	DEEP SEA CABLE		INTRABUILDING NETWORK CABLE		TOTAL CABLE	
		Miles of Cable (l)	Miles of Wire In Cable (m)	Miles of Cable (n)	Miles of Wire In Cable (o)	Miles of Cable (p)	Miles of Wire In Cable (q)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14	Total						

Line No. (r)	State or Territory (s)	TOTAL EQUIPPED CARRIER CHANNEL MILES (Cable and Microwave Systems)		
		Equivalent 4khz Analog (cc)	DS-1 Digital or Equivalent (times 24) (dd)	Video (ee)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	Total			

SCHEDULE S-2 ACCESS LINES IN SERVICE BY TECHNOLOGY INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In column (b) provide for each state or territory the total number of Central Office Switches. If more than one switch is housed in a single building or structure be sure to count each switch separately. Do not separately count each three digit telephone number prefix as a separate switch.

5. Where ISDN services are provided, use column (c) to show for 16 kb/sec control channels the number of such channels divided by 4. For similar services, provide the total number of control channels and indicate types included. Use a footnote if necessary.

6. In column (d) provide the number of 64kb/s or equivalent access lines or ISDN B channels where applicable. Do not include access lines connecting to a customer location PBX or Centrex.

7. In column (e) provide the number of analog 4khz access lines connecting to single or multiline telephones.

8. In column (f) provide the number multiplied by 24 of DS-1 access lines (1.544 mb/s) connecting to a customer location PBX and/or Centrex.

9. In column (g) provide the number of equivalent 4khz analog circuits or trunks connecting to a customer location PBX or Centrex.

10. In column (h) provide the number of equivalent 4khz extension circuits connecting a Centrex or PBX on telephone company premises to telephones on the customer's premises.

11. In column (i) provide, in terms of equivalent 4khz Analog Circuits or 64kb/s data circuits, the number of other switched access lines not included in columns (c) - (h), and indicate the types in a footnote.

ACCESS LINES IN SERVICE BY TECHNOLOGY

FORM M SCHEDULE S-2

____
(Company)

Year Ended December 31, 19__
□□□□ □□□□
(Code) (m m y y)

Line No.	State or Territory (a)	Number of Central Office Switches (b)	ISDN 16 kb/sec D Channels (Divided by 4) (c)	Main Digital Access Lines 64kb/s or Equiv. (ISDN B Channels except to PBX's) (d)	Main Analog Access Lines 4kHz or Equivalent (e)	Digital DS-1 Access Lines to PBX's and Centrex (times 24) (f)	Analog PBX and Centrex Access Trunks (g)	Analog Centrex Extensions (h)	Other (i)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14	Total								

SCHEDULE S-3 ACCESS LINES IN SERVICE BY CUSTOMER
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. In the appropriate columns, respondents shall enter the data called for by the column headings.

5. In column (h), the total access lines is the total of columns (b) through (g). Total access lines should also equal the total of columns (c), (d), (e), (f), (g), (h) and (i) of Schedule S-2.

ACCESS LINES IN SERVICE BY CUSTOMER

FORM M SCHEDULE I-3

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

Line No.	State or Territory (a)	Business Access Lines: Single Line (b)	Business Access Lines: Multi Line (c)	Public Access Lines (d)	Residential Access Lines (e)	Mobile Access Lines (f)	Special Access Lines (Non-Switched) (g)	Total Access Lines (Switched and Special) (h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14	Total							

SCHEDULE S-4 TELEPHONE CALLS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. If data are not available as to the location of all access lines by states, the returns may be made in accordance with the location of the central office toll center through which the calls originate.

5. The numbers shown may be based on an actual count taken periodically during the year. Describe in a note the general characteristics of the methods employed in arriving at the numbers shown.

6. As used in the schedule, a "local call" means one between points both of which are within the local service area of the calling telephone, and a "toll call" means one to a point outside of the local service area of the calling telephone. Interlata toll calls are comprised of calls directed to interexchange carriers. Intralata toll calls are toll calls handled by a local operating company within a given LATA. The number of toll calls should be based upon originating message volumes.

7. Include any Intralata-Interstate toll calls in column (c).

8. Billed minutes should be based on bills sent to customers. For calls where this data is unavailable, a statistically valid calculation may be made.

9. In column (d), the number of interstate toll calls includes outward calls, 800 service, directory service and dial-it service.

10. In column (f), the number of intrastate toll calls includes outward calls, 800 service, directory service, dial-it service, and optional calling plans.

TELEPHONE CALLS

FORM M SCHEDULE S-4

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	State or Territory (a)	LOCAL CALLS (Total Local Calls) (b)	INTRALATA TOLL CALLS (c)	INTERLATA TOLL CALLS (Completed)					
				Interstate		Intrastate		Total Toll Calls	
				Number (d)	Billed Minutes (e)	Number (f)	Billed Minutes (g)	Number (h)	Billed Minutes (i)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14	Total								

SCHEDULE S-5 INTERSTATE PRIVATE LINE STATISTICS
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. For the purpose of this schedule, the following definitions are applicable:

"Customers" denotes persons, firms, or corporations, which contract for private line service and are responsible for the payment of charges and compliance with rules and regulations of the respondent. When more than one contract has been made with the same customer, count all contracts covering the same class of service billed to the customer at the same accounting center as one customer.

"Circuits" denotes channels over which communications may be transmitted.

"Pricing mileage" denotes the mileage for which charges are made in accordance with the service contract at a basic rate regardless of the physical routing of the circuit or the basis of measurements of the mileage, whether airline, railroad, operating, or other mileage.

5. Exclude from this schedule data relating to leases, the revenue from which is included in Account 5240, Rent Revenue.

INTERSTATE PRIVATE LINE STATISTICS

FORM M SCHEDULE I-5

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

Line No.	Number at End of Year (a)	Customers (b)	Circuits (c)	Pricing Mileage (d)
1	Telephone			
2	Telegraph			
3	Program Transmission - Audio			
4	Program Transmission - Video			
	Other Services (specify):			
5				
6				
7				
8				
9				
10				
11				
12				
13	Total			

SCHEDULE S-6 OVERSEAS TELEPHONE AND RELATED SERVICES
INSTRUCTIONS

1. This schedule shall be filed annually on March 31 of each calendar year for the results of the preceding calendar year.

2. In the spaces provided, respondents shall enter the company name, the year, the carrier code, and the digits representing the last month and year covered in the report.

3. This schedule consists of 1 page.

4. This schedule is applicable only to respondents who operate overseas telephone facilities (owned or leased).

5. For this schedule, overseas telephone service shall be understood to include:

(a) Service between the conterminous United States (i.e., the 48 contiguous states and the District of Columbia) and points outside thereof, other than Alaska, Canada, Mexico and Saint Pierre-Miquelon;

(b) Service between the non-conterminous elements of the United States (e.g., Alaska, Hawaii, Puerto Rico and the Virgin Islands) and points overseas with respect to each of those elements; and

(c) Transiting traffic, i.e., overseas traffic which both originates and terminates outside of the territorial element of the United States in which respondent is located but is relayed to its destination through respondent's overseas facilities.

6. In column (b) report the number of chargeable messages other than transiting transmitted through overseas facilities (owned or leased) operated by the respondent.

7. In column (c) report the charges for the through service less settlements with or retentions by communication carriers or administrations operating outside of the territorial element of the United States in which respondent is located.

8. Furnish in notes details with respect to services reported on lines 10 and 17.

9. Report in column (c) on line 19 the amount of rentals received from other communication carriers for the use of circuits in overseas facilities.

10. In Section II, report the data called for with respect to the commencement or discontinuance of direct service to overseas points, including the commencement of direct service to points previously served indirectly through intermediate carriers. In column (g), indicate by the symbol (A) direct services added during the year and by the symbol (D) those discontinued.

OVERSEAS TELEPHONE AND RELATED SERVICES

FORM M SCHEDULE S-6

(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐

(Code) (m m y y)

SECTION I. MESSAGE AND REVENUE DATA

Line No.	Class of Overseas Service (a)	Number of Chargeable Messages During the Year (b)	Revenue for the Year (c)
	MESSAGE TELEPHONE SERVICE OTHER THAN TRANSITING		
1	Europe, Africa and Asia Minor		
2	Bermuda		
3	Carribbean		
4	Central America		
5	South America		
6	Hawaii		
7	Asia		
8	Oceania		
9	North America		
10	Canada		
11	Mexico		
12	Other		
13	Total		
	MESSAGE TRANSITING SERVICE		
14	Transiting traffic		
	PRIVATE LINE SERVICE		
15	Program transmission		
16	Voice		
17	Non-voice		
18	Alternate voice and non-voice		
19	Other		
20	Total		
21	Rentals received from other communication carriers for overseas circuits		

SECTION II. COUNTRIES SERVED AT END OF THE YEAR

22 Number of countries served directly at end of the year ____________

23 Number of countries served through intermediate carriers at end of the year ____________

24 Total number of countries served at end of the year ____________

OVERSEAS TELEPHONE AND RELATED SERVICES

FORM M SCHEDULE S-6

____
(Company)

Year Ended December 31, 19__

☐☐☐☐ ☐☐☐☐
(Code) (m m y y)

SECTION I. MESSAGE AND REVENUE DATA

Line No.	Class of Overseas Service (a)	Number of Chargeable Messages During the Year (b)	Revenue for the Year (c)
	MESSAGE TELEPHONE SERVICE OTHER THAN TRANSITING		
1	Europe, Africa and Asia Minor		
2	Bermuda		
3	Carribbean		
4	Central America		
5	South America		
6	Hawaii		
7	Asia		
8	Oceania		
9	North America		
10	Canada		
11	Mexico		
12	Other		
13	Total		
	MESSAGE TRANSITING SERVICE		
14	Transiting traffic		
	PRIVATE LINE SERVICE		
15	Program transmission		
16	Voice		
17	Non-voice		
18	Alternate voice and non-voice		
19	Other		
20	Total		
21	Rentals received from other communication carriers for overseas circuits		

SECTION II. COUNTRIES SERVED AT END OF THE YEAR

22 Number of countries served directly at end of the year ____________

23 Number of countries served through intermediate carriers at end of the year ____________

24 Total number of countries served at end of the year ____________

SIGNATURE PAGE

I certify that I am the responsible accounting officer of the ______________________________ ______________________________ ; that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 19 , to December 31, 19 , inclusive.

Date ______________________________

____
(Signature)

____
(Title)

(Persons making willful false statements in this report form can be punished by fine or imprisonment under the provisions of the U.S. Code, Title 18, Section 1001)