B. Jeannie Fry
Director-
Federal Regulatory

SBC Communications Inc.
1401 I Street, N.W.
Suite 1100
Washington, D.C. 20005
Phone 202 326-8894
Fax 202 408-4806

LATE FILED

March 25, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128

Dear Mr. Caton:

I hereby withdraw the letter and filing dated March 24, 1997 referencing the Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128. Please accept the attached filing to be placed in the file for this proceeding.

If you should have any questions, please do not hesitate to contact me at (202) 326-8894. Thank you for your assistance with this request.

Sincerely,

Attachment

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List ABCDE

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Mr. William F. Caton
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Re: Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128

Dear Mr. Caton:

Pursuant to the Commission's September 20, 1996 ruling in CC Docket No. 96-128[1] (Payphone Order), Southwestern Bell Telephone Company (SWBT) and the other incumbent local exchange carriers (LECs) are required to classify their payphone operations as nonregulated for Part 32 accounting purposes. Specifically, the Order states:

> "LECs should establish whatever Part 64 cost pools are needed and should file revisions to their cost allocations manuals (CAM) within sixty (60) days prior to the effective date of the change."[2]

In accordance with the Commission's directive, SWBT diligently reviewed its CAM to determine whether any Part 64 cost pools were needed to comply with this Order. As a result of this review, SWBT determined that its CAM already contained all of the cost pools necessary for the reclassification of payphone operations as nonregulated.

SWBT concluded that it would not be necessary to establish additional cost pools nor to make further revisions to its CAM. Thus, on February 14, 1997, SWBT filed a letter with the Commission informing the Commission that SWBT did not need to make any changes to its CAM to comply with the Commission's Payphone Order.

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[1] Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128 (1996).
[2] Id., ¶ 163.

SWBT had determined that no additional CAM changes were necessary because SWBT already had nonregulated cost pools in all of the accounts affected by the reclassification of payphones. For instance, SWBT's CAM already contained nonregulated cost pools in Account 2351 and Account 6351. Further, even though SWBT was not required to do so, it had filed changes to its CAM in July 1996 pursuant to the Commission's Declaratory Ruling[3] concerning inmate payphones. SWBT's July 1996 CAM filing had adopted all of the cost pool changes necessary to reclassify inmate payphones, and no additional cost pool changes were needed to reclassify the remaining payphones. Pursuant to the Commission's Public Notice (DA 96-1294), released August 14, 1996 requesting comments on SWBT's and other LEC's inmate payphone CAM filings, the Inmate Calling Services Providers Coalition (ICSP Coalition) submitted certain objections to SWBT's and the other LEC's CAM filings. On October 2, 1996, SWBT responded to the ICSP Coalition's objections. The Commision has not yet ruled on the ICSP Coalition's objections to SWBT's and the other LEC's inmate payphone CAM filings.

Since SWBT's February 14, 1997 letter, members of the Commission's Staff have contacted SWBT to express their desire that additional changes were needed to SWBT's CAM in connection with the reclassification of payphones. In discussions on March 19 and 20, 1997, Staff has recommended that SWBT make the additional changes to its CAM reflected on the enclosed pages. While SWBT maintains that the changes recommended by Staff are not needed for purposes of the reclassification of payphones as nonregulated, SWBT voluntarily agrees to make the recommended changes. Even if SWBT did not make the changes requested by Staff, SWBT would have all of the cost pools necessary to properly categorize the costs of nonregulated payphone operations. Because SWBT remains of the view that these changes are not needed for the reclassification of payphones as nonregulated, SWBT submits these changes under protest and subject to the final ruling regarding the ICSP Coalition's objections to SWBT's inmate payphone CAM filing.

We have discussed these changes with Staff, but in the event that these CAM changes are not deemed effective as of the April 15, 1997 effective date of SWBT's Pay Telephone Tariff filings[4], SWBT voluntarily commits to keep sufficient cost records in order to re-categorize the costs of nonregulated payphone operations to the extent necessary. Thus, for all of the above reasons, this filing should resolve all of the Commission's concerns relative to the reclassification of SWBT's payphone operations as a nonregulated activity effective April 15, 1997.

---

[3] Declaratory Ruling RM-8181, 11 FCC Rcd. 7362 (1996).

[4] See SWBT's Pay Telephone Tariff filings (Transmittal No. 2608, January 15, 1997 and Transmittal No. 2614, February 24, 1997).

SWBT urges the Commission to expeditiously approve these amendments to its Cost Allocations Manual.

Should there be any questions concerning this matter, please contact me at 202-326-8894.

Sincerely,

Attachments

cc: Mr. Ken Moran
Mr. Jose Rodriguez
Ms. Debbie Weber

TRANSMITTAL LETTER MATRIX
CAM CHANGES

Description of Change

Page USOA Account	Change From	Change To	Reason for Change	Annualized Quantification
II-4	N/A	Pay Telephone CPE and Service (PSP). . . . . provider are charged.	Per CC Docket 96-128 "Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996"	N/A
II-5 thru II-9	N/A	Added "PSP" (Pay Telephone CPE and Service) to matrix	See above explanation for II-4	N/A
VI-6	Deleted Account 2351	N/A	To reflect matrix change	N/A
	N/A	Added Account 5010	To reflect matrix change	N/A
VI-8	N/A	Added Account 2351 to "Cost Pool Equals Account"	To reflect matrix change	N/A
	Accounts 5001-5169	Account 5001-5004 Account 5040-5169	To reflect matrix change	N/A
VI-12	N/A	Added Account 5010	To reflect matrix change	N/A
VI-13	Accounts 5001-5270	Accounts 5001-5004 Accounts 5040-5169 Accounts 5240-5270	To reflect matrix change	N/A
	Delete Accounts 2351 and 6351			
Matrix VI-41 2351	Delete Direct Regulated Cost Pool	N/A	Per CC Docket 96-128	($208.0 M) from regulated operations
	Direct Cost Pool. Based on description of functional accounting code	Direct Cost Pool. Cost Pool Equals Account	Per CC Docket 96-128	N/A
VI-50 5001-5169	5001-5169 Revenue Accounts	5001-5004 Revenue Accounts 5010 Public Telephone Revenue 5040-5169 Revenue Accounts	Per CC Docket 96-128	N/A
VI-50 5010	N/A	Direct Cost Pool. Directly Assigned to Nonregulated	Per CC Docket 96-128	($168.6 M) from regulated operations
VI-57 6351	Direct Cost Pool Account Balance . . . cost pool	N/A	Per CC Docket 96-128	($25.[illegible] M) from regulated operations

SOUTHWESTERN BELL TELEPHONE COMPANY

COST ALLOCATION MANUAL

(CAM)

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	35	12/31/96
	36	12/31/96
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NONREGULATED ACTIVITIES INFORMATION

Payment Processing Services (PPS)

This service involves providing payment processing for other companies' customer bill payments. The service includes receiving, depositing and processing the payments and creating the payment data.

Wireless Data Service (WDS)

This service involves providing the capability for customers to access their computer systems from mobile sites via wireless communications links.

White Pages' Advertising (WPA)

This service involves providing individual business customers with advertising in the business White Pages through the sale of enhanced listings (e.g., "Feature Bold Listing") and cover advertising.

Marketing Service (MKT)

This service provides marketing services, including sales support operations, and retail sales of other companies' products.

Pay Telephone CPE and Service (PSP)

CC Docket 96-128, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, adopted rules to implement Section 276 of the Telecommunications Act of 1996 which establish pay telephone service as a competitive nonregulated service. The new law required the reclassification of pay telephone equipment and service to nonregulated effective April 15, 1997. Consistent with the 1996 Act's definition, "payphone service" means the provision of public and semi-public pay telephones, the provision of inmate telephone service in correctional facilities and any ancillary services. SWBT's payphone services will provide location providers and the transient public with the use of payphones to place coin, collect, card or other types of telephone calls. Tariffed network services used in the provision of pay telephone service will be charged to this nonregulated service just as other private pay telephone providers are charged.

NONREGULATED ACTIVITIES MATRIX

USOA ACCOUNT	PM	PC	BDS/LAN	TT	NCTE	CS	CBS	CPE	TC/MM	PGI	IB	GMS	OS	PPS	MDS	MPA	MKT	RSB
1220	X	X	X	X	X	X	X	X	X	X	X		X	X	X		X	X
1410																		
1430																		
1439	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
1500																		
2001	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
2002								X										
2003	X	X	X	X				X			X							
2005																		
2111	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2112	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2113																		
2114																		
2115	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2116	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2121	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2122	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2123	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2124	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2211																		
2212		X		X														
2215																		
2220	X										X							
2231																		
2232	X		X					X			X							
2311	X		X	X				X										
2321																		
2341	X		X					X										
2351	X							X										X
2362	X							X										
2411																		
2421																		

NONREGULATED ACTIVITIES MATRIX

USOA ACCOUNT	PW	PC	BDS/LAN	TT	NCTE	CS	CBS	CPE	TC/MW	PGI	IS	GMS	OS	PPS	WDS	NPA	HKT	PSP
2422																		
2423																		
2425																		
2426																		
2431																		
2441																		
2681	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2682	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
2690																		
3100	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3200																		
3410	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
3420	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
3500																		
3600																		
4040																		
4100	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
4120	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
4310	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
4340	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4360	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
4370																		
8010																		X
5230																X		
5280	X	X	X		X	X	X	X	X	X	X		X	X	X		X	X
5300	X	X	X		X	X	X	X			X			X			X	
5301	X	X	X		X	X	X	X	X	X	X		X	X	X		X	X
5302																		
6110	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6112	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6113																		
6114																		
6115	X	X	X	X		X	X	X	X		X			X		X	X	X

NONREGULATED ACTIVITIES MATRIX

USOA ACCOUNT	PM	PC	BLG/LAN	TT	NCTE	CS	CBS	CPE	TC/MW	PGI	IS	GMS	OS	PPS	WDS	MFA	MKT	R&P
6116	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6120	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6121	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6122	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6123	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6124	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6210	X	X						X			X							
6211											X							
6212		X									X							
6215																		
6220											X							
6230								X	X		X						X	
6231								X										
6232								X	X							X		
6310	X		X	X		X	X	X			X							
6311	X			X		X	X	X										
6341			X	X				X			X							
6351	X							X										X
6362	X		X	X				X			X							
6410	X		X					X	X									
6411	X																	
6421	X							X	X									
6422			X						X									
6423	X		X					X	X									
6424																		
6425																		
6426																		
6431								X										
6441									X									
6510	X	X	X	X	X	X	X	X	X		X	X		X		X	X	X
6511																		
6512	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

NONREGULATED ACTIVITIES MATRIX

USOA ACCOUNT	PM	PC	BDS/LAN	VT	NCTE	CS	CBB	CPE	TC/HW	PCI	IS	GMB	OS	PPS	HDS	MPA	HKT	PSP
6530	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
6531	X	X	X					X			X							
6532	X						X	X			X							
6533	X							X			X							
6534	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6535	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	
6540																		
6560	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6561	X	X	X	X	X	X	X	X	X		X	X		X		X	X	X
6562																		
6563	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6564																		
6565	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6610	X	X	X			X	X	X		X	X		X		X		X	X
6611	X		X			X	X	X			X						X	X
6612	X	X	X			X		X		X	X		X		X		X	X
6613	X		X			X		X			X						X	X
6620	X	X	X		X	X	X	X		X	X		X	X	X	X	X	X
6621						X					X							
6622	X					X					X					X		X
6623	X	X	X		X	X	X	X		X	X		X	X	X		X	X
6710	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6711	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6712	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6720	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6721	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6722	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6723	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6724	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6725	X	X	X			X	X	X		X	X		X	X	X		X	X
6726	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
6727	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

NONREGULATED ACTIVITIES MATRIX

USOA ACCOUNT	PU	PC	BDS/LAN	TT	NCTE	CS	CBS	CPE	TC/NM	PGI	IS	GHS	OS	PPS	WDS	WPA	HKT	PSR
6728	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6750																		
7100	X		X		X	X	X	X		X	X		X	X	X		X	X
7110																		
7130																		
7140																		X
7150																		
7160	X		X		X	X	X	X		X	X		X	X	X		X	X
7200	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
7210	X	X	X	X				X		X	X		X		X			
7220	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7230	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X
7240	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7250	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7300	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7310								X										
7320																		
7330																		
7340	X	X	X	X				X			X							
7350																		
7360																		
7370	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7500	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7510	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7520	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X
7530	X	X	X	X		X	X	X			X	X				X	X	X
7540	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
7600																		
7610																		
7620																		
7630																		
7640																		
7910																		
7990																		

Based on Description of Field Reporting Codes/Functional Accounting Codes

An analysis of Field Reporting Codes (FRCs) or Functional Accounting Codes (FA Codes) is used to identify selected cost pools. FRCs and FA Codes are used in operations to report activities for which time and expenses are incurred. Separate FRCs are used with investment accounts to record the capitalized investments of an account.

FRCs associated with operations are assigned to specific work activities and are reported by employees using positive time reporting procedures.

FRCs associated with investment accounts are used to identify unique classifications of plant within an account. An example would be investment assigned to Equal Access and Network Reconfiguration is identified within an account by separate FRCs.

JFCs are preassigned to all employees based on an analysis of their normal work activities. When these employees work on other activities, their work is reported through exception time reporting procedures.

Selected cost pools in the following accounts use description of Field Reporting Codes/Functional Accounting Codes as a basis for pool assignment:

2002	4360	6123	6411	6565	6725
2003	5230	6124	6421	6611	6726
2111	5301	6211	6422	6612	6727
2112	6112	6212	6423	6613	6728
2116	6115	6215	6431	6621	7160
2121	6116	6220	6441	6622	7210
2123	6121	6231	6512	6623	7220
2124	6122	6232	6532	6711	7230
2311		6311	6533	6712	7240
2341		6341	6534	6722	7250
		6351	6535	6723	7350
3100		6362	6561	6724	7370
					7540

BASIS FOR ASSIGNING COSTS TO COST POOLS (cont'd)

Cost Pool Equals Account

When an entire account is considered homogeneous, it is assigned to a single cost pool. A cost pool can be directly assigned to regulated services or nonregulated activities. If the cost pool cannot be directly assigned, then it is allocated on some other basis. The specific allocation method used depends upon the account involved.

Selected cost pools in the following accounts use cost pool equals account as a basis for assigning costs to pools:

1410	2423	5280	7310
1438	2424	5302	7320
1500	2426	6424	7340
2115	2431	6426	7360
2122	2441	6531	7510
2215	3420	6540	7530
2231	4040	6790	7630
2321	4310	7110	7640
2351	4370	7130	7910
2411	5001-5004	7140	7990
2421	5040-5169	7150	
2422	5240-5270		

Cost Pool Equals Subaccount

When a subaccount is considered homogeneous, it is assigned to a single cost pool. A cost pool can be directly assigned to regulated services or nonregulated activities. If the cost pool cannot be directly assigned, then it is allocated on some other basis. The specific allocation method used depends upon the account involved.

Selected cost pools in the following accounts use cost pool equals subaccount as a basis for assigning costs to pools:

1220	2123	2212	4100
1439		2220	4340
2116	2211	2232	7540

BASIS FOR APPORTIONING COSTS TO REGULATED AND NONREGULATED

Whenever possible, cost pools are established using accounts, subaccounts, field reporting codes, and functional accounting codes to provide for the direct assignment of costs to regulated services and nonregulated activities. When a cost pool cannot be directly assigned, then an allocation must be made. If direct assignments are not available, then direct measures of cost causation are used to make apportionments. Indirect measures of cost causation are used when no direct method exists. Finally, when there are no direct or indirect measures of cost causation available, either a marketing allocator or a general allocator is applied. In some instances direct assignments to regulated or nonregulated occur in an account where a direct cost pool does not exist. This is due to either reconciliation activity at year end, or exception time reporting in an account where it is not expected. Since these occasions are infrequent and not regularly expected, direct cost pools are not established. The basis for the apportionments in the Cost Apportionment Matrix are outlined below.

Assigned to Nonregulated

When a cost pool is identified as incurred exclusively for nonregulated activities, then a direct assignment to nonregulated is made.

Selected cost pools in the following accounts have a direct assignment to nonregulated activities as a basis for allocating costs:

1220	2681		6362		
2002	2682	6122	6411	6563	6725
2003	2690	6123	6421	6564	6726
2005	3100	6124	6422	6611	6727
2116	3200		6423	6612	6728
2123	3410		6431	6613	7350
2124	3500	6211	6441	6621	7370
2211	3600	6212	6511	6622	7520
2211	5010	6215	6512	6623	7540
2220	5230	6220	6532	6711	7610
2232	5280	6231	6533	6712	7620
2311	5301	6232	6534	6721	7990
2341	6112	6311	6535	6722	
2351	6116	6341	6561	6723	
2362	6121	6351	6562	6724	

BASIS FOR APPORTIONING COSTS TO REGULATED AND NONREGULATED (cont'd)

Assigned to Regulated

When a cost pool is identified as incurred exclusively for regulated services, then a direct assignment to regulated is made.

Selected cost pools in the following accounts have a direct assignment to regulated services as a basis for allocating costs:

		5001-5004			
		5040-5169			
1220	2411	5240-5270	6426	6712	7520
1438	2421	5301	6431	6721	7540
1439	2422	6112	6441	6722	7610
1500	2423	6121	6511	6723	7620
2002	2424	6122	6512	6724	7910
2003	2426	6123	6532	6725	
2123	2431	6124	6533	6726	
2005	2441	6211	6534	6727	
2121	2681	6212	6535	6728	
2124	2682	6215	6540	7110	
2211	2690	6220	6561	7130	
2212	3100	6231	6562	7160	
2215	3200	6232	6563	7210	
2220	3410	6311	6564	7220	
2231	3500	6341	6565	7230	
2232	3600		6611	7240	
2311	4040	6362	6612	7250	
2321	4120	6411	6613	7310	
2341	4340	6421	6621	7320	
	4360	6422	6622	7330	
2362	4370	6423	6623	7360	
	6116	6424	6711	7370	

USOA Part 32 Accounts	Cost Pools	Basis for Assigning Costs to Cost Pools	Basis for Apportioning Costs to Regulated and Nonregulated	Comments
2341 LARGE PBX	Directly Assigned Regulated	Based on description of field reporting codes.	Directly assigned to regulated.	Regulated investment includes Customer Premises Equipment for 911 emergency systems and embedded (as of 1/1/83) investment in centrex service (Plexar)[1] consoles.
	Directly Assigned Nonregulated	Based on description of functional accounting codes.	Directly assigned to nonregulated.	
2351 PUBLIC TELEPHONE TERMINAL EQUIPMENT				
	Direct Cost Pool	Cost pool equals account.	Directly assigned to nonregulated.	
2362 OTHER TERMINAL EQUIPMENT	Direct Cost Pool	Account balance less amount assigned to the direct nonregulated cost pool.	Directly assigned to regulated.	
	Direct Cost Pool	Account Transaction Analysis.	Directly assigned to nonregulated.	
2411 POLES	Direct Cost Pool	Cost Pool equals account.	Directly assigned to regulated.	SWBT does not use poles in the provision of non-regulated activities.
2421 AERIAL CABLE	Direct Cost Pool	Cost Pool equals account.	Directly assigned to regulated.	SWBT does not use aerial cable in the provision of nonregulated activities.
2422 UNDERGROUND CABLE	Direct Cost Pool	Cost Pool equals account.	Directly assigned to regulated.	SWBT does not use underground cable in the provision of nonregulated activities.

USOA Part 32 Accounts	Cost Pools	Basis for Assigning Costs to Cost Pools	Basis for Apportioning Costs to Regulated and Nonregulated	Comments
4360 OTHER DEFERRED CREDITS (Cont.)	Other Accrued Employee Cost Pool	Based on description of functional accounting codes.	Indirectly Attributed based on company salaries and wages.	
	Other Cost Pool	Based on description of functional accounting codes.	General Allocator.	
4370 OTHER JURISDICTIONAL LIABILITIES AND DEFERRED CREDITS - NET	Direct Cost Pool	Cost Pool equals account.	Directly assigned to regulated.	Amounts in this account will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary.
5001-5004 REVENUE ACCOUNTS	Direct Cost Pool	Cost Pool equals account.	Directly assigned to regulated.	
5010 PUBLIC TELEPHONE REVENUE	Directly Assigned Nonregulated	Cost Pool equals account.	Directly assigned to nonregulated.	
5040-5169 REVENUE ACCOUNTS	Direct Cost Pool	Cost Pool equals account.	Directly assigned to regulated.	
5230 DIRECTORY REVENUE	Directly Assigned Regulated	Based on description of functional accounting codes.	Directly assigned to regulated.	
	Directly Assigned Nonregulated	Based on description of functional accounting codes.	Directly assigned to nonregulated.	
5240 - 5270 REVENUE ACCOUNTS	Directly Assigned Regulated	Cost Pool equals account.	Directly assigned to regulated.	
5280 NONREGULATED OPERATING REVENUE	Direct Cost Pool	Cost Pool equals account.	Directly assigned to nonregulated.	

USOA Part 32 Accounts	Cost Pools	Basis for Assigning Costs to Cost Pools	Basis for Apportioning Costs to Regulated and Nonregulated	Comments
6311 STATION APPARATUS EXPENSE (Cont.)	Common-No Access/No Trouble Found Cost Pool	Based on description of functional accounting codes.	Indirectly Attributed based on assigned to regulated based on 75% of the ratio of regulated trouble counts cleared to total trouble counts cleared, with the residual assigned to nonregulated.	
6341 LARGE PRIVATE BRANCH EXCHANGE EXPENSE	Directly Assigned Regulated	Based on description of field reporting codes.	Directly assigned to regulated.	Includes 50% of the travel associated with combination visits (i.e., jobs that include both regulated and nonregulated work).
	Directly Assigned Nonregulated	Based on description of field reporting codes.	Directly assigned to nonregulated.	Includes 50% of the travel associated with combination visits (i.e., jobs that include both regulated and nonregulated work).
	Common-No Access/No Trouble Found Cost Pool	Based on description of functional accounting codes.	Indirectly Attributed based on assigned to regulated based on 75% of the ratio of regulated trouble counts cleared to total trouble counts cleared, with the residual assigned to nonregulated.	
6351 PUBLIC TELEPHONE TERMINAL EXPENSE				
	Direct Cost Pool	Based on description of functional accounting codes.	Directly assigned to nonregulated.	
	No Access Cost Pool	Analysis of No Access Reports.	Indirectly Attributed based on relative value of regulated and nonregulated dispatched reports.	