

PROPOSED
Part 36 – Jurisdictional Separations Procedures
Subpart B - Telecommunications Property

October 10, 2000

GENERAL

§ 36.101 Section arrangement.

(a) This subpart is arranged in sections as follows:

General	
Telecommunications Plant in Service - Account 2001	36.101 and 36.102
General Support Facilities - Account 2110	36.111 and 36.112
Central Office Equipment - Accounts 2210, 2220, 2230	36.121 thru 36.126
Information Origination/Termination Equipment - Account 2310	36.141 and 36.142
Cable and Wire Facilities - Account 2410	36.151 thru 36.157
Amortization Assets - Accounts 2680 and 2690	36.161 and 36.162
Telecommunications Plant - Other Accounts 2002 thru 2005	36.171
Rural Telephone Bank Stock	36.172
Material and Supplies - Account 1220, and Cash Working Capital	36.181 and 36.182
Equal Access Equipment	36.191

§ 36.102 General.

(a) This section contains an outline of the procedures used in the assignment of Telecommunications Plant in Service - Account 2001 to categories and the apportionment of the cost assigned to each category among the operations.

(b) The treatment of rental plant is outlined in §§ 36.2(c) through 36.2(e). If the amount of such plant is substantial, the cost may be determined by using the general procedures set forth for the assignment of the various kinds of property to categories.

(c) The amount of depreciation deductible from the book cost or "value" is apportioned among the operations in proportion to the separation of the cost of the related plant accounts.

GENERAL SUPPORT FACILITIES

§ 36.111 General.

(a) The costs of the general support facilities are contained in Account 2110, Land and Support Assets. This account contains land, buildings, motor vehicles, aircraft, special purpose vehicles, garage work equipment, other work equipment, furniture, office equipment and general purpose computers.

§ 36.112 Apportionment procedure.

(a) The costs of the general support facilities of Class A Companies (which are defined in Part 32 of the Commission's Rules) are apportioned among the operations on the basis of the separation of the costs of the combined Big Three Expenses which include the following accounts:

PLANT SPECIFIC EXPENSES

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

- 6210 Central Office Switching Expenses
- 6220 Operators Systems Expenses
- 6230 Central Office Transmission Expenses
- 6310 Information Origination/Termination Expenses
- 6410 Cable and Wire Facilities Expense

PLANT NON-SPECIFIC EXPENSES

- 6530 Network Operations Expenses

CUSTOMER OPERATIONS EXPENSES

- 6610 Marketing
- 6620 Services

(b) The costs of the general support facilities for Class B Companies (which are defined by Part 32 of the Commission's Rules) are apportioned among the operations on the basis of the separation of the costs of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

CENTRAL OFFICE EQUIPMENT

§ 36.121 General.

(a) The costs of central office equipment are carried in the following accounts:

Central Office Switching	Account 2210
Analog Electronic Switching	Account 2211
Digital Electronic Switching	Account 2212
Electro-Mechanical Switching	Account 2215
Operator Systems	Account 2220
Central Office-Transmission	Account 2230
Radio Systems	Account 2231
Circuit Equipment	Account 2232

(b) Records of the cost of central office equipment are usually maintained for each study area separately by accounts. However, each account frequently includes equipment having more than one use. Also, equipment in one account frequently is associated closely with equipment in the same building in another account. Therefore, the separations procedures for central office equipment have been designed to deal with categories of plant rather than with equipment in an account.

(c) In the separation of the cost of central office equipment among the operations, the first step is the assignment of the equipment in each study area to categories. The basic method of making this assignment is the identification of the equipment assignable to each category, and the determination of the cost of the identified equipment by an analysis of accounting, engineering and other records.

(1) The cost of common equipment not assigned to a specific category, e.g., common power equipment, including emergency power equipment, aisle lighting and framework, including distributing frames, is distributed among the categories in proportion to the cost of equipment, (excluding power equipment not dependent upon common power equipment) directly assigned to categories.

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

(i) The cost of power equipment used by one category is assigned directly to that category, e.g., 130 volt power supply provided for circuit equipment. The cost of emergency power equipment protecting only power equipment used by one category is also assigned directly to that category.

(ii) Where appropriate, a weighting factor is applied to the cost of circuit equipment in distributing the power plant costs not directly assigned, in order to reflect the generally greater power use per dollar of cost of this equipment.

(d) The second step is the apportionment of the cost of the equipment in each category among the operations through the application of appropriate use factors or by direct assignment.

§ 36.122 Categories and apportionment procedures.

(a) The following categories of central office equipment and apportionment procedures therefore are set forth in §§ 36.123 through 36.126.

Operator Systems Equipment	Category 1.
Tandem Switching Equipment	Category 2.
Local Switching Equipment	Category 3.
Circuit Equipment	Category 4.

§ 36.123 Operator systems equipment - Category 1.

(a) Operator systems equipment is contained in Account 2220. It includes all types of manual telephone switchboards except tandem switchboards and those used solely for recording of calling telephone numbers in connection with customer dialed charge traffic. It includes all face equipment, terminating relay circuits of trunk and toll line circuits, cord circuits, cable turning sections, subscriber line equipment, associated toll connecting trunk equipment, number checking facilities, ticket distributing systems, calculagraphs, chief operator and other desks, operator chairs, and other such equipment.

(1) Operator systems equipment is generally classified according to operating arrangements of which the following are typical:

- (i) Separate toll boards
- (ii) Separate local manual boards
- (iii) Combined local manual and toll boards
- (iv) Combined toll and DSA boards
- (v) Separate DSA and DSB boards
- (vi) Service observing boards
- (vii) Auxiliary service boards
- (viii) Traffic service positions

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

(2) If switchboards as set forth in § 36.123(a) are of the key pulsing type, the cost of the key pulsing senders, link and trunk finder equipment is included with the switchboards.

(3) DSB boards include the associated DSB dial equipment, such as link and sender equipment.

(4) ~~(4)~~ Traffic service position systems include the common control and trunk equipment in addition to the associated groups of positions wherever located.

(5) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships shown above relative to the associated balance in Account 2220 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

(b) The cost of the following operator systems equipment is apportioned among the operations on the basis of the relative number of weighted standard work seconds handled at the switchboards under consideration.

(1) The following types of switchboards at toll centers are generally apportioned individually:

(i) *Separate Toll Boards.* These usually include outward, through and inward positions in separate lines and associated inward toll switchboard positions in line.

(ii) Switchboards handling both local and toll, either combined or having segregated local and toll positions in the same line.

(iii) Switchboards handling both toll and DSA, either combined or having segregated toll and DSA positions in the same line.

(iv) Traffic service positions, including separately located groups of these positions when associated with a common basic control unit.

(2) The following types of switchboards at toll centers are apportioned individually, or by groups of comparable types of boards for each exchange:

(i) *Separate local manual boards.* This includes the local positions of manual boards where inward toll positions are in the same line.

(ii) Separate DSA boards.

(iii) Separate DSB boards.

(3) Tributary boards may be treated individually if warranted or they may be treated on a group basis.

(c) Auxiliary service boards generally handle rate and route, information, and intercept service at individual or joint positions. The cost of these boards is apportioned as follows:

(1) The cost of separate directory assistance boards is apportioned among the operations on the basis of the relative number of weighted standard work seconds handled at the boards under consideration. Directory assistance weighted standard work seconds are apportioned among the operations on the basis of the classification of these weighted standard work seconds

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

as follows:

(i) Directory assistance weighted standard work seconds first are classified between calls received over toll directory assistance trunks from operators or customers and all other directory assistance calls.

(ii) The directory assistance weighted standard work seconds of each type further are classified separately among the operations on the basis of an analysis of a representative sample of directory assistance calls of each type with reference to the locations of the calling and called stations for each call.

(2) The cost of separate intercept boards and automated intercept systems in the study area is apportioned among the operations on the basis of the relative number of subscriber line minutes of use.

(3) The cost of separate rate and route boards is generally included with the cost of the toll boards served and is apportioned with those boards.

(4) Where more than one auxiliary service is handled at an auxiliary board, the cost of the board is apportioned among the auxiliary services on the basis of the relative number of weighted standard work seconds for each service. The cost of that part of the board allocated to each auxiliary service is apportioned among the operations in the same manner as for a separate auxiliary board.

(d) The cost of joint exchange and toll service observing boards is first apportioned between exchange and toll use on the basis of the relative number of exchange and toll service observing units at these boards. The cost of separate toll service observing boards and the toll portion of joint service observing boards is apportioned between state and interstate operations on the basis of the relative number of toll minutes of use associated with the toll messages originating in the offices observed.

(e) Traffic Service Position System (TSPS) investments are apportioned as follows:

(1) Operator position investments are apportioned on the basis of the relative weighted standard work seconds for the entire TSPS complex.

(2) Remote trunk arrangement (RTA) investments are apportioned on the basis of the relative processor real time (i.e., actual seconds) required to process TSPS traffic originating from the end offices served by each RTA.

(3) The remaining investments at the central control location, such as the stored program control and memory, is apportioned on the basis of the relative processor real time (i.e., actual seconds) for the entire TSPS complex.

(f) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.123 (b) through (e) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.123 (b) through (e) above.

§ 36.124 Tandem switching equipment - Category 2.

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

(a) Tandem switching equipment is contained in Accounts 2210, 2211, 2212 and 2215. It includes all switching equipment in a tandem central office, including any associated tandem switchboard positions and any intertoll switching equipment. Intertoll switching equipment includes switching equipment used for the interconnection of message toll telephone circuits with each other or with local or tandem telephone central office trunks, intertoll dial selector equipment, or intertoll trunk equipment in No. 5 type electronic offices. Equipment, including switchboards used for recording of calling telephone numbers and other billing information in connection with customer dialed charge traffic is included with the Local Switching Equipment - Category 3.

(1) At toll center toll offices, intertoll switching equipment comprises equipment in the toll office used in the interconnection of: Toll center to toll center circuits; toll center to tributary circuits; tributary to tributary circuits; toll center to tandem circuits or in the interconnection of the aforementioned types of circuits with trunks to local offices in the toll center city, i.e., interconnection with toll switching trunks, operator trunks, information trunks, testing trunks, etc. Equipment associated with the local office end of such trunks is included with local switching equipment or switchboard categories as appropriate.

(2) At tributary offices, this category includes intertoll switching equipment similar to that at toll center toll offices if it is used in the interconnection of: Tributary to tributary circuits; tributary to subtributary circuits; subtributary to subtributary circuits; toll center to subtributary circuits; or if it is used jointly in the interconnection of any of the aforementioned types of circuits and in the interconnection of such toll circuits with trunk circuits for the handling of traffic terminating in the tributary office. Where comparable equipment has no joint use but is used only for the handling of traffic terminating in the tributary office, it is included in the local switching equipment category.

(3) At all switching entities, this category includes intertoll switching equipment similar to that at toll center toll offices if it is used in the interconnection of switched private line trunks or TWX switching plant trunks when these functions are in addition to the message telephone switching function. Switching entities wholly dedicated to switching of special services are assigned to Category 3 - Local Switching Equipment.

(b) The costs of central office equipment items assigned this category are to be directly assigned when possible. When direct assignment is not possible the costs shall be apportioned among the operations on the basis of the relative number of study area minutes of use of this equipment.

(c) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Tandem Switching Equipment in Category 2 relative to the associated balance in Account 2210 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

(d) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.124 (b) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.124 (b) above.

§ 36.125 Local switching equipment - Category 3.

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

(a) Local switching equipment is included in accounts 2210, 2211, 2212 and 2215. It comprises all central office switching equipment not assigned other categories. Examples of local switching equipment are basic switching train, toll connecting trunk equipment, interlocal trunks, tandem trunks, terminating senders used for toll completion, toll completing train, call reverting equipment, weather and time of day service equipment, and switching equipment at electronic analog or digital remote line locations. Equipment used for the identification, recording and timing of customer dialed charge traffic, or switched private line traffic (e.g., transmitters, recorders, call identify indexers, perforators, ticketers, detectors, mastertimers) switchboards used solely for recording of calling telephone numbers in connection with customer dialed charge traffic, or switched private line traffic (or both) is included in this local switching category. Equipment provided and used primarily for operator dialed toll or customer dialed charge traffic except such equipment included in Category 2 Tandem Switching Equipment is also included in this local switching category. This includes such items as directors, translators, sender registers, out trunk selectors and facilities for toll intercepting and digit absorption. Special services switching equipment which primarily performs the switching function for special services (e.g. switching equipment, TWX concentrators and switchboards) is also included in this local switching category.

(1) Local office, as used in § 36.125, comprises one or more local switching entities of the same equipment type (e.g., step-by-step, No. 5 Crossbar) in an individual location. A local switching entity comprises that local central office equipment of the same type which has a common intermediate distributing frame, marker group or other separately identifiable switching unit serving one or more prefixes (NNX codes).

(2) A host/remote local switching complex is composed of an electronic analog or digital host office and all of its remote locations. A host/remote local switching complex is treated as one local office. The current jurisdictional definition of an exchange will apply.

(3) Dial equipment minutes of use (DEM) is defined as the minutes of holding time of the originating and terminating local switching equipment. Holding time is defined in the Glossary.

(4) The interstate allocation factor is the percentage of local switching investment apportioned to the interstate jurisdiction.

(5) The interstate DEM factor is the ratio of the interstate DEM to the total DEM. A weighted interstate DEM factor is the product of multiplying a weighting factor, as defined in paragraph (f) of this section, to the interstate DEM factor. The state DEM factor is the ratio of the state DEM to the total DEM.

(b) Beginning January 1, 1993, Category 3 investment for study areas with 50,000 or more access lines is apportioned to the interstate jurisdiction on the basis of the interstate DEM factor. Category 3 investment for study areas with 50,000 or more access lines is apportioned to the state jurisdiction on the basis of the state DEM factor.

(c) [Reserved]

(d) [Reserved]

(e) [Reserved]

(f) Beginning January 1, 1993 and ending December 31, 1997, for study areas with fewer than 50,000 access lines, Category 3 investment is apportioned to the interstate jurisdiction by the application of

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

an interstate allocation factor that is the lesser of either .85 or the product of the interstate DEM factor specified in paragraph (a)(5) of this section multiplied by a weighting factor, as determined by the table below. Beginning January 1, 1998, for study areas with fewer than 50,000 access lines, Category 3 investment is apportioned to the interstate jurisdiction by the application of an interstate allocation factor that is the lesser of either .85 or the sum of the interstate DEM factor specified in paragraph (a)(5) of this section, and the difference between the 1996 weighted interstate DEM factor and the 1996 interstate DEM factor. The Category 3 investment that is not assigned to the interstate jurisdiction pursuant to this paragraph is assigned to the state jurisdiction.

<u>NUMBER OF ACCESS LINES IN SERVICE IN STUDY AREA</u>	<u>WEIGHTING FACTOR</u>
0 - 10,000	3.0
10,001 - 20,000	2.5
20,001 - 50,000	2.0
50,001 - or above	1.0

(g) For purposes of this section, an access line is a line that does not include WATS access lines, special access lines or private lines.

(viii) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Local Dial Switching Equipment in Category 3 above relative to the associated balance in Account 2210 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

(i) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.125 (a)(3) through (f) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.125 (a)(3) through (f) above.

§ 36.126 Circuit equipment - Category 4.

(a) For the purpose of this section, the term "Circuit Equipment" encompasses the Radio Systems and Circuit Equipment contained in Accounts 2230 through 2232 respectively. It includes central office equipment, other than switching equipment and automatic message recording equipment, which is used to derive communications transmission channels or which is used for the amplification, modulation, regeneration, testing, balancing or control of signals transmitted over communications transmission channels. Examples of circuit equipment in general use include:

- (1) Carrier telephone and telegraph system terminals.
- (2) Telephone and telegraph repeaters, termination sets, impedance compensators, pulse link repeaters, echo suppressors and other intermediate transmission amplification and balancing equipment except that included in switchboards.
- (3) Radio transmitters, receivers, repeaters and other radio central office equipment except message switching equipment associated with radio systems.
- (4) Composite ringers, line signaling and switching pad circuits.

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

- (5) Concentration equipment.
- (6) Composite sets and repeating coils.
- (7) Program transmission amplifiers, monitoring devices and volume indicators.
- (8) Testboards, test desks, repair desks and patch bays, including those provided for test and control, and for telegraph and transmission testing.

(b) For apportionment among the operations, the cost of circuit equipment is assigned to the following subsidiary categories:

(1) *Exchange Circuit Equipment - Category 4.1.*

(i) Wideband Exchange Line Circuit Equipment - Category 4.11

(ii) Exchange Trunk Circuit Equipment (Wideband and Non-Wideband) - Category 4.12

(iii) Exchange Line Circuit Equipment Excluding Wideband - Category 4.13

(2) *Interexchange Circuit Equipment - Category 4.2.*

(i) Interexchange Circuit Equipment Furnished to Another Company for Interstate Use - Category 4.21

(ii) Interexchange Circuit Equipment Used for Wideband Services including Satellite and Earth Station Equipment used for Wideband Service - Category 4.22

(iii) All Other Interexchange Circuit Equipment - Category 4.23

(3) *Host/Remote Message Circuit Equipment - Category 4.3.*

(4) In addition, for the purpose of identifying and separating property associated with special services, circuit equipment included in Categories 4.12 (other than wideband equipment) 4.13 and 4.23 is identified as either basic circuit equipment, i.e., equipment that performs functions necessary to provide and operate channels suitable for voice transmission (telephone grade channels), or special circuit equipment, i.e., equipment that is peculiar to special service circuits. Carrier telephone terminals and carrier telephone repeaters are examples of basic circuit equipment in general use, while audio program transmission amplifiers, bridges, monitoring devices and volume indicators, telegraph carrier terminals and telegraph repeaters are examples of special circuit equipment in general use.

Cost of exchange circuit equipment included in Categories 4.12 and 4.13 and the interexchange circuit equipment in Categories 4.21, 4.22 and 4.23 are segregated between basic circuit equipment and special circuit equipment only at those locations where amounts of interexchange and exchange special circuit equipment are significant. Where such segregation is not made, the total costs in these categories are classified as basic circuit equipment.

(6) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Circuit Equipment in Category 4 above relative to the associated balance in Account 2230 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

(c) Apportionment of Exchange Circuit Equipment Among the Operations:

(1) Wideband Exchange Line Circuit Equipment - Category 4.11 - The cost of exchange circuit equipment in this category is determined separately for each wideband facility. The respective costs are allocated to the appropriate operation in the same manner as the related exchange line cable and wire facilities described in § 36.155.

(2) Exchange Trunk Circuit Equipment (Wideband and Non-Wideband)- Category 4.12 - The cost of exchange circuit equipment associated with this category for the study area is allocated to the appropriate operation in the same manner as the related exchange trunk cable and wire facilities as described in § 36.155.

(3) ~~(3)~~ Exchange Line Circuit Equipment Excluding Wideband - Category 4.13 - The cost of Circuit Equipment associated with exchange line plant excluding wideband for the study area is assigned to subcategories and is allocated to the appropriate operation in the same manner as the related exchange line cable and wire facilities for non-wideband service as described in § 36.154.

(i) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Circuit Equipment in Category 4.13 between state private line and state WATS; interstate private line and interstate WATS, and message telephone service relative to the associated balance in Account 2230 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

(4) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.126 (c) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.126 (c) above.

(d) Apportionment of Interexchange Circuit Equipment among the Operations: Procedures to be Used by Interexchange Carriers.

(1) Interexchange Circuit Equipment Furnished to Another Company for Interstate Use - Category 4.21 - This category comprises that circuit equipment provided for the use of another company as an integral part of its interexchange circuit facilities used wholly for interstate services. This category includes such circuit equipment as telephone carrier, terminals telegraph carrier terminals, and microwave systems used wholly for interstate services. The total cost of the circuit equipment in this category for the study area is assigned to the interstate operation.

(2) Interexchange Circuit Equipment Used for Wideband Service- Category 4.22 - This category includes the circuit equipment portion of interexchange channels used for wideband services. The cost of interexchange circuit equipment in this category is determined separately for each wideband channel and is segregated between message and private line services on the basis of the use of the channels provided. The respective costs are allocated to the appropriate operation in the same manner as the related interexchange cable and wire facilities as described in § 36.156.

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

(3) All Other Interexchange Circuit Equipment - Category 4.23 - This category includes the cost of all interexchange circuit equipment not assigned to Categories 4.21 and 4.22. Interexchange carriers shall freeze the allocation factors for Category 4.23 investment at levels reached on December 31, 1985, derived by using the procedures in effect at that time. On January 1, 1988, and thereafter, that frozen allocation factor shall be applied to each interexchange carrier's Category 4.23 investment to derive the interstate allocation. On January 1, 1988, and thereafter, the amount of investment allocated to the interstate jurisdiction will vary but the relative proportion of the total investment that is allocated to the interstate jurisdiction will remain frozen at 1985 levels.

(e) Apportionment of Interexchange Circuit Equipment among the Operations: Procedures To Be Used by Exchange Carriers.

(1) Interexchange Circuit Equipment Furnished to Another Company for Interstate Use - Category 4.21 - This category comprises that circuit equipment provided for the use of another company as an integral part of its interexchange circuit facilities used wholly for interstate services. This category includes such circuit equipment as telephone carrier terminals telegraph carrier terminals, and microwave systems used wholly for interstate services. The total cost of the circuit equipment in this category for the study area is assigned to the interstate operation.

(2) Interexchange Circuit Equipment Used for Wideband Service - Category 4.22 - This category includes the circuit equipment portion of interexchange channels used for wideband services. The cost of interexchange circuit equipment in this category is determined separately for each wideband channel and is segregated between message and private line services on the basis of the use of the channels provided. The respective costs are allocated to the appropriate operation in the same manner as the related interexchange cable and wire facilities as described in § 36.156.

(3) All Other Interexchange Circuit Equipment - Category 4.23 - This category includes the cost of all interexchange circuit equipment not assigned to Categories 4.21 and 4.22. The cost of interexchange basic circuit equipment used for the following classes of circuits is included in this category: Jointly used message circuits, i.e., message switching plant circuits carrying messages from the state and interstate operations circuits used exclusively for TWX service; circuits used for interstate private line service; and circuits used for state private line services.

~~(i)~~ An average interexchange circuit equipment cost per equivalent interexchange telephone termination for all circuits is determined and applied to the equivalent interexchange telephone termination counts of each of the following classes of circuits: Interstate Private Line, State Private Line, Message, and TWX. The cost of interstate private line circuits is assigned directly to the interstate operation. The cost of state private line circuits is assigned directly to the state operation. The cost of message circuits is apportioned between the state and interstate operations on the basis of the relative number of study area conversation-minutes applicable to such facilities.

(A) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Circuit Equipment in Category 4.23 between state private line and state WATS; interstate private line and interstate WATS, message telephone service, and TWX relative to the associated balance in Account 2230 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

(ii) The cost of interexchange circuit equipment assigned TWX circuits is apportioned between state and interstate toll in accordance with § 36.126(e)(3)(i) and pursuant to the following procedures. The cost of circuit equipment associated with the TWX intertoll circuits used jointly for state and interstate operations is apportioned between the operations on the basis of the relative number of study area TWX connection-minutes applicable to such facilities. The cost of circuit equipment associated with the interexchange portion of the TWX remote access lines is apportioned between state and interstate operation on the basis of the relative number of study area TWX connection-minutes applicable to those facilities.

(iii) The cost of special circuit equipment is segregated among TWX service, telegraph grade private line services and other private line services based on an analysis of the use of the equipment and in accordance with § 36.126(b)(4). The cost of TWX special circuit equipment is apportioned on the same basis as that used for intertoll TWX circuits. The special circuit equipment cost assigned to telegraph grade and other private line services is directly assigned to the appropriate operation.

(4) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.126 (e)(1),(2), and (3) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.126 (e)(1), (2), and (3) above.

(f) Apportionment of Host/Remote Message Circuit Equipment Among the Operations.

(1) Host/Remote Message Circuit Equipment - Category 4.3. This category includes message host/remote location circuit equipment for which a message circuit switching function is performed at the host central office associated with cable and wire facilities as described in § 36.152(c).

(i) The Category 4.3 cost of host/remote circuit equipment assigned to message services for the study area is apportioned among the exchange, intrastate toll, and interstate toll operations on the basis of the assignment of host/remote message cable and wire facilities as described in § 36.157.

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

INFORMATION ORIGATION/ TERMINATION (IOT) EQUIPMENT

§ 36.141 General.

(a) Information Origination/Termination Equipment is maintained in Account 2310 and includes station apparatus, embedded customer premises wiring, large private branch exchanges, public telephone terminal equipment, and other terminal equipment.

(b) The costs in Account 2310 shall be segregated between Other Information Origination/Termination Equipment - Category 1, and New Customer Premises Equipment - Category 2 by an analysis of accounting, engineering and other records.

(c) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Information Origination Terminating Equipment above relative to the associated balance in Account 2310 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

§ 36.142 Categories and apportionment procedures.

(a) *Other Information Origination/Termination Equipment-Category 1.* This category includes the cost of other information origination/ termination equipment not assigned to Category 2. The costs of other information origination/termination equipment are allocated pursuant to the factor that is used to allocate subcategory 1.3 Exchange Line C&WF. If amounts of coinless pay telephone equipment are substantial, the cost of such equipment, should be separately identified and allocated on the basis of relative toll minutes-of-use for interexchange carriers and minutes-of-use for exchange carriers.

(b) *Customer Premises Equipment-Category 2.* This category includes the costs of Customer Premises Equipment that was detariffed pursuant to the Second Computer Inquiry decision. It shall be assigned to the state operations.

(c) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.142 (a) and (b) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.142 (a) and (b) above.

CABLE AND WIRE FACILITIES

§ 36.151 General.

(a) Cable and Wire Facilities, Account 2410, includes the following types of communications plant in service: Poles and antenna supporting structures, aerial cable, underground cable, buried cable, submarine cable, deep sea cable, intrabuilding network cable, aerial wire and conduit systems.

(b) For separations purposes, it is necessary to analyze the cable and wire facilities classified in subordinate records in order to determine their assignment to the categories listed in the following paragraphs.

(c) In the separation of the cost of cable and wire facilities among the operations, the first step is the assignment of the facilities to certain categories. The basic method of making this assignment is the identification of the facilities assignable to each category and the determination of the cost of the facilities

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

so identified. Because of variations among companies in the character of the facilities and operating conditions, and in the accounting and engineering records maintained, the detailed methods followed, of necessity, will vary among the companies. The general principles to be followed, however, will be the same for all companies.

(d) The second step is the apportionment of the cost of the facilities in each category among the operations through the application of appropriate factors or by direct assignment.

§ 36.152 Categories of Cable and Wire Facilities (C&WF).

(a) C&WF are basically divided between exchange and interexchange. Exchange C&WF consists of the following categories:

(1) Exchange Line C&WF *Excluding Wideband* - Category 1 - This category includes C&W facilities between local central offices and subscriber premises used for message telephone, TWX subscriber lines, private line, local channels, and for circuits between control terminals and radio stations providing very high frequency maritime service or urban or highway mobile service.

(2) *Wideband and Exchange Trunk C&WF* - Category 2 - This category includes all wideband, including Exchange Line Wideband and C&WF between local central offices and Wideband facilities. It also includes C&WF between central offices or other switching points used by any common carrier for interlocal trunks wholly within an exchange or metropolitan service area, interlocal trunks with one or both terminals outside a metropolitan service area carrying some exchange traffic, toll connecting trunks, tandem trunks principally carrying exchange traffic, the exchange trunk portion of TWX and WATS access lines, the exchange trunk portion of private line local channels, and the exchange trunk portion of circuits between control terminals and radio stations providing very high frequency maritime service or urban or highway mobile service.

(3) The procedures for apportioning the cost of exchange cable and wire facilities among the operations are set forth in §§ 36.154 and 36.155.

(b) Interexchange C&WF - Category 3 - This category includes the C&WF used for message toll and toll private line services. It includes cable and wire facilities carrying intertoll circuits, tributary circuits, the interexchange channel portion of special service circuits, circuits between control terminals and radio stations used for overseas or coastal harbor service, interlocal trunks between offices in different exchange or metropolitan service areas carrying only message toll traffic and certain tandem trunks which carry principally message toll traffic.

(1) The procedures for apportioning the cost of interexchange cable and wire facilities among the operations are set forth in § 36.156.

(c) Host/Remote Message C&WF - Category 4 - This category includes the cost of message host/remote location C&WF for which a message circuit switching function is performed at the host central office. It applies to C&WF between host offices and all remote locations. The procedures for apportioning the cost of these facilities among the operations are set forth in § 36.157.

(d) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Cable and Wire Facilities above relative to the associated

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

balance in Account 2410 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

§ 36.153 Assignment of Cable and Wire Facilities (C&WF) to categories.

(a) Cable consists of: Aerial cable, underground cable, buried cable, submarine cable, deep sea cable and intrabuilding network cable. Where an entire cable or aerial wire is assignable to one category, its cost and quantity are, where practicable, directly assigned.

(1) *Cable.*

(i) There are two basic methods for assigning the cost of cable to the various categories. Both of them are on the basis of conductor cross section. The methods are as follows:

(A) By section of cable, uniform as to makeup and relative use by categories. From an analysis of cable engineering and assignment records, determine in terms of equivalent gauge the number of pairs in use or reserved for each category. The corresponding percentages of use, or reservation, are applied to the cost of the section of cable, i.e., sheath meters times unit cost per meter, to obtain the cost assignable to each category.

(B) By using equivalent pair kilometers, i.e., pair kilometers expressed in terms of equivalent gauge. From an analysis of cable engineering and assignment records, determine the equivalent pair kilometers in use for each category by type of facility, e.g., quadded, paired. The equivalent pair kilometers are then divided by a cable fill factor to obtain the equivalent pair kilometers in plant. The total equivalent pair kilometers in plant assigned to each category is summarized by type of facility, e.g., quadded and paired, and priced at appropriate average unit costs per equivalent pair kilometers in plant. If desired, this study may be made in terms of circuit kilometers rather than physical pair kilometers, with average cost and fill data consistent with the basis of the facilities kilometers count.

(ii) In the assignment of the cost of cable under the two basic methods described in § 36.153(a)(1)(i) consideration is given to the following:

(A) Method (A) described in § 36.153(a)(1)(i)(A) will probably be found more desirable where there is a relatively small amount of cable of variable make-up and use by categories. Conversely, method (B) described in § 36.153(a)(1)(i)(B) will probably be more desirable where there is a large amount of cable of variable make-up and use by categories. However, in some cases a combination of both methods may be desirable.

(B) It will be desirable in some cases to determine the amount assignable to a particular category by deducting from the total the sum of the amounts assigned to all other categories.

(C) For use in the assignment of poles to categories, the equivalent sheath kilometers of aerial cable assigned to each category are determined. For convenience, these quantities are determined in connection with the assignment

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

of cable costs.

(D) Where an entire cable is assignable to one category, its costs and quantity are, where practicable, directly assigned.

(iii) For cables especially arranged for high-frequency transmission such as shielded, disc-insulated and coaxial, recognition is given to the additional costs which are charged to the high-frequency complement.

(2) *Cable Loading.*

(i) Methods for assigning the cost of loading coils, cases, etc., to categories are comparable with those used in assigning the associated cable to categories. Loading associated with cable which is directly assigned to a given category is also directly assigned. The remaining loading is assigned to categories in either of the following bases:

(A) By an analysis of the use made of the loading facilities where a loading coil case includes coils assignable to more than one category, e.g., in the case of a single gauge uniformly loaded section, the percentage used in the related cable assignment are applicable, or

(B) By pricing out each category by determining the pair meters loaded pairs assigned to each category and multiplying by the unit cost per pair meters of loading by type.

(3) *Other Cable Plant.*

(i) In view of the small amounts involved, the cost of all protected terminals and gas pressure contactor terminals in the toll cable subaccounts is assigned to the appropriate Interexchange Cable & Wire Facilities categories. The cost of all other terminals in the exchange and toll cable subaccounts is assigned to Exchange Cable and Wire Facilities.

(b) *Aerial Wire.*

(1) The cost of wire accounted for as exchange is assigned to the appropriate Exchange Cable & Wire Facilities categories. The cost of wire accounted for as toll, which is used for exchange, is also assigned to the appropriate Exchange Cable & Wire Facilities categories. The cost of the remaining wire accounted for as toll is assigned to the appropriate Interexchange Cable & Wire Facilities categories as described in § 36.156. For companies not maintaining exchange and toll subaccounts, it is necessary to review the plant records and identify wire plant by use. The cost of wire used for providing circuits directly assignable to a category is assigned to that category. The cost of wire used for providing circuit facilities jointly used for exchange and interexchange lines is assigned to categories on the basis of the relative number of circuit kilometers involved.

(c) *Poles and Antenna Supporting Structures.*

(1) In the assignment of these costs, anchors, guys, crossarms, antenna supporting structure, and right-of-way are included with the poles.

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

(2) Poles.

(i) The cost of poles is assigned to categories based on the ratio of the cost of poles to the total cost of aerial wire and aerial cable.

(d) *Conduit Systems.*

(1) The cost of conduit systems is assigned to categories on the basis of the assignment of the cost of underground cable.

§ 36.154 Exchange Line Cable and Wire Facilities (C&WF) - Category 1 - apportionment procedures.

(a) *Exchange Line C&WF-Category 1.* The first step in apportioning the cost of exchange line cable and wire facilities among the operations is the determination of an average cost per working loop. This average cost per working loop is determined by dividing the total cost of exchange line cable and wire Category 1 in the study area by the sum of the working loops described in subcategories listed below. The subcategories are:

Subcategory 1.1 - State private line and state WATS lines. This subcategory shall include all private lines and WATS lines carrying exclusively state traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Subcategory 1.2 - Interstate private lines and interstate WATS lines. This subcategory shall include all private lines and WATS lines that carry exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes more than ten percent of the total traffic on the line.

Subcategory 1.3 - Subscriber or common lines that are jointly used for local exchange service and exchange access for state and interstate interexchange services.

(1) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations sub-categorization relationships for Exchange Line Cable and Wire Facilities (C&WF) - Category 1 above relative to the associated balance in Account 2410 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

(b) The costs assigned to subcategories 1.1 and 1.2 shall be directly assigned to the appropriate jurisdiction.

(c) Except as provided in § 36.154(d) through (f), effective January 1, 1986, 25 percent of the costs assigned to subcategory 1.3 shall be allocated to the interstate jurisdiction.

(d) Except as provided in § 36.154(f), the interstate allocation of subcategory 1.3 costs for the years 1988, 1989, 1990, 1991 and 1992 will be as follows:

(1) 1988 - The § 36.154(e) allocation factor multiplied by .625 plus .09375.

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

- (2) 1989 - The § 36.154(e) allocation factor multiplied by .5 plus .125.
- (3) 1990 - The § 36.154(e) allocation factor multiplied by .375 plus .15625.
- (4) 1991 - The § 36.154(e) allocation factor multiplied by .25 plus .1875.
- (5) 1992 - The § 36.154(e) allocation factor multiplied by .125 plus .21875.

(e) For purposes of the transitional allocations described in § 36.154(d) and (f) an allocation factor known as the subscriber plant factor or SPF that is the sum of the following shall be computed:

(1) Annual average interstate subscriber line use (SLU), for the calendar year 1981, representing the interstate use of the subscriber plant as measured by the ratio of interstate holding time minutes of use to total holding time minutes of use applicable to traffic originating and terminating in the study area, multiplied by .85, the nationwide ratio of subscriber plant costs assignable to the exchange operation per minute of exchange use to total subscriber plant cost per total minute of use of subscriber plant, plus

(2) Twice the annual average interstate subscriber line use ratio for the study area for the calendar year 1981, multiplied by the annual average composite station rate ratio used for the calendar year 1981 (ratio of the nationwide, industry-wide average interstate initial 3-minute station charge at the study area average interstate length of haul to the nationwide, industry-wide average total toll initial 3-minute station charge at the nationwide average length of haul for all toll traffic for the total telephone industry).

(f) *Limit on Change in Interstate Allocation.*

(1) No study area's percentage interstate allocation for Subcategory 1.3 Exchange Line C&WF and COE, Exchange Line Circuit Equipment Excluding Wideband- Category 4.13 investment as well as associated maintenance and depreciation shall decrease by a total of more than five percentage points from one calendar year to the next as a result of the combined operations of §§ 36.154(d) and 36.641(a) and (b).

(2) The determination of whether the decrease in the interstate allocation for a given study area resulting from the operation of §§ 36.154(d) and 36.641(a) through § 36.641(b) exceeds five percentage points shall be made by calculating a percentage interstate allocation for both of the years involved. This shall be done by dividing the interstate allocation of subcategory 1.3 Exchange Line C&WF and COE exchange Line circuit Equipment Excluding Wideband Category 4.13 and associated expenses for each year as calculated pursuant to § 36.154(f)(4) by the total unseparated investment in Exchange Line C&WF subcategory 1.3 and COE Category 4.13 and associated expenses for the corresponding year as calculated pursuant to § 36.154(f)(5).

(3) If the resulting percentage for the more recent of the two years is more than five percentage points less than the percentage for the earlier year, the decrease in the interstate allocations shall be reduced pro rata for plant investment, maintenance and depreciation so that the difference between the two percentages does not equal more than five percentage points.

(4) The sum of the following:

(i) The net interstate allocation of Exchange Line C&WF - subcategory 1.3 investment calculated pursuant to § 36.154(d) and (e) multiplied by the authorized

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

interstate rate of return.

(ii) The net interstate allocation of COE Exchange Line Circuit Equipment - Category 4.13 investment calculated pursuant to § 36.154(d) and (e) multiplied by the authorized interstate rate of return.

(iii) The interstate allocation of maintenance and depreciation attributable to Exchange Line C&WF subcategory 1.3 customer premises wire and COE Exchange Line Circuit Equipment - Category 4.13 calculated pursuant to § 36.154(d) and (e).

(iv) The amount of the additional interstate expense allocation calculated pursuant to § 36.641.

(5) The sum of the following:

(i) The net unseparated Exchange Line C&WF subcategory 1.3 investment multiplied by the authorized interstate rate of return.

(ii) The net unseparated COE Exchange Line Circuit - Category 4.13 investment multiplied by the authorized interstate rate of return.

(iii) The unseparated maintenance and depreciation attributable to Exchange Line C&WF subcategory 1.3 investment, customer premises wiring investment and COE Exchange Line Circuit Equipment Category - 4.13 investment.

(g) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.154 (b) and (c) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.154 (b) and (c) above.

§ 36.155 Wideband and exchange trunk C&WF - Category 2 -apportionment procedures.

(a) The cost of C&WF applicable to this category shall be directly assigned where feasible. If direct assignment is not feasible, cost shall be apportioned between the state and interstate jurisdictions on the basis of the relative number of minutes of use.

(b) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.155 (a) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.155 (a) above.

§ 36.156 Interexchange Cable and Wire Facilities (C&WF) - Category 3 - apportionment procedures.

(a) An average interexchange cable and wire facilities cost per equivalent interexchange telephone circuit kilometer for all circuits in Category 3 is determined and applied to the equivalent

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

interexchange telephone circuit kilometers counts of each of the classes of circuits.

(1) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations sub-categorization relationships of State private line and state WATS; interstate private line and interstate WATS; and message telephone service for Interexchange Cable and Wire Facilities (C&WF) - Category 3 above relative to the associated balance in Account 2410 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

(b) The cost of C&WF applicable to this category shall be directly assigned where feasible. If direct assignment is not feasible, cost shall be apportioned between the state and interstate jurisdiction on the basis of conversation-minute kilometers as applied to toll message circuits, TWX circuits, etc.

(c) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.156 (b) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.156 (b) above.

§ 36.157 Host/Remote message Cable and Wire Facilities (C&WF) - Category 4 - apportionment procedures.

(a) *Host/Remote message C&WF - Category 4.* The cost of host remote C&WF used for message circuits, i.e., circuits carrying only message traffic, is included in this category.

(1) The cost of host/remote message C&WF excluding WATS closed end access lines for the study area is apportioned on the basis of the relative number of study area minutes-of-use kilometers applicable to such facilities.

(2) The cost of host/remote message C&WF used for WATS closed end access for the study area is directly assigned to the appropriate jurisdiction.

(b) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December 31, 2000, using the procedures in effect at that time as specified in §36.157 (a)(1) and (2) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.157 (a)(1) and (2) above.

AMORTIZABLE ASSETS

§ 36.161 Tangible assets - Account 2680.

(a) Tangible Assets, Account 2680 includes the costs of property acquired under capital leases and the original cost of leasehold improvements.

(b) The costs of capital leases are apportioned among the operations based on similar plant

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

owned or by analysis.

(c) ~~(c)~~ The cost of leasehold improvements are apportioned among the operations in direct proportion to the costs of the related primary account.

(d) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for the costs of capital leases and the cost of leasehold improvements in Tangible Assets above relative to the associated balance in Account 2680 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

§ 36.162 Intangible assets - Account 2690.

(a) Intangible Assets, Account 2690 includes the cost of organizing and incorporating the company, franchises, patent rights, and other intangible property having a life of more than one year.

(b) The amount included in this account is apportioned among the operations on the basis of the separation of the cost of Telecommunications Plant In Service, Account 2001, excluding the Intangible Assets, Account 2690.

TELECOMMUNICATIONS PLANT - OTHER

§ 36.171 Property held for future telecommunications use - Account 2002; Telecommunications plant under construction - Account 2003; and Telecommunications plant adjustment - Account 2005.

The amounts carried in Accounts 2002, 2003 and 2005 are apportioned among the operations on the basis of the apportionment of Account 2001, Telecommunications Plant in Service.

RURAL TELEPHONE BANK STOCK

§ 36.172 Investment in nonaffiliated companies - Account 1402.

(a) The amounts carried in this account shall be separated into subsidiary record categories:

- (1) Class B RTB Stock and
- (2) All other.

(b) The amounts contained in category (2) all other of § 36.172(a)(2) shall be excluded from part 36 jurisdictional separations.

(d) ~~(c)~~ The amounts contained in category (1) Class B RTB stock of § 36.172(a)(1), shall be allocated based on the relative separations of Account 2001, Telephone Plant in Service.

(d) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for Class B RTB stock and All other Investment in nonaffiliated

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

companies above relative to the associated balance in Account 1402 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

MATERIAL AND SUPPLIES AND CASH WORKING CAPITAL

§ 36.181 Material and supplies - Account 1220.

(a) ~~(a)~~ The amount included in Account 1220 is apportioned among the operations on the basis of the apportionment of the cost of cable and wire facilities in service. Any amounts included in Account 1220 associated with the Customer Premises portion of Account 2310 equipment, shall be excluded from the amounts which are allocated to the interstate operation.

(b) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze the separations categorization relationships for materials and supplies above relative to the associated balance in Account 1220 based on the annual data for the period ending December 31, 2000, using the procedures in effect at that time.

§ 36.182 Cash working capital.

(a) The amount for cash working capital, if not determined directly for a particular operation, is apportioned among the operations on the basis of total expenses less non-cash expense items.

EQUAL ACCESS EQUIPMENT

§ 36.191 Equal access equipment.

(a) Equal access investment includes only initial incremental expenditures for hardware and other equipment related directly to the provision of equal access which would not be required to upgrade the capabilities of the office involved absent the provision of equal access. Equal access investment is limited to such expenditures for converting central offices which serve competitive interexchange carriers or where there has been a bona fide request for conversion to equal access.

(b) Equal access investment is first segregated from all other amounts in the primary accounts.

(c) The equal access investment determined in this manner is allocated between the jurisdictions on the basis of relative state and interstate equal access traffic including interstate interLATA equal access traffic, intrastate interLATA equal access traffic, and BOC interstate corridor toll traffic as well as AT&T and OCC intraLATA equal access usage. Local exchange traffic and BOC intraLATA toll traffic is excluded. In the case of independent telephone companies, intrastate toll service provided by the independent local exchange company is excluded in determining intrastate usage, but intrastate toll service provided by long distance carriers affiliated with the local exchange company is included.

(d) Effective January 1, 2001, local exchange carriers subject to price cap regulation shall freeze their study area specific separations allocation factors at the annual levels for the period ending December

PROPOSED

Part 36 – Jurisdictional Separations Procedures

October 10, 2000

31, 2000, using the procedures in effect at that time as specified in §36.191 (c) above. All other local exchange carriers shall freeze their study area specific separations allocation factors based on the carriers most recent annual study, which shall be no earlier than 1999 and no later than 2000, using the procedures in effect at that time as specified in §36.191 (c) above.

PROPOSED

Part 36 - Jurisdictional Separations Procedures

October 10, 2000

Subpart C - Operating Revenues and Certain Income Accounts

GENERAL

§ 36.201 Section arrangement.

(a) This subpart is arranged in sections as follows:

General	36.202
Operating Revenues:	36.211
Basic Local Service Revenue - Account 5000	36.212
Network Access Services Revenues - Accounts 5080 through 5084	36.213
Long Distance Message Revenue - Account 5100	36.214
Miscellaneous Revenue - Account 5200	36.215
Uncollectible Revenue - Account 5300	36.216
Certain Income Accounts:	
Other Operating Income and Expenses - Account 7100	36.221
Nonoperating Income and Expenses - Account 7300	36.222
Interest and Related Items - Account 7500	36.223
Extraordinary Items - Account 7600	36.224
Income Effect of Jurisdictional Ratemaking Differences - Account 7910	36.225

§ 36.202 General.

(a) This section sets forth procedures for the apportionment among the operations of operating revenues and certain income and expense accounts.

(b) Except for the Network Access Services Revenues, subsidiary record categories are maintained for all revenue accounts in accordance with the requirements of Part 32. These subsidiary records identify services for the appropriate jurisdiction and will be used in conjunction with apportionment procedures stated in this manual.

OPERATING REVENUES

§ 36.211 General.

(a) Operating revenues are included in the following accounts:

<u>Account Title</u>	<u>Account No.</u>
Basic Local Service Revenue	5000
Network Access Service Revenues:	
Network Access Revenue	5080
End User Revenue	5081
Switched Access Revenue	5082
Special Access Revenue	5083
State Access Revenue	5084
Long Distance Message Revenue	5100
Miscellaneous Revenue	5200
Uncollectible Revenue	5300

PROPOSED
Part 36 – Jurisdictional Separations Procedures

October 10, 2000

§ 36.212 Basic local services revenue - Account 5000.

(a) Local private line revenues from broadcast program transmission audio services and broadcast program transmission video services are assigned to the interstate operation.

(b) Revenues that are attributable to the origination or termination of interstate FX or CCSA like services shall be assigned to the interstate jurisdiction.

(c) Wideband Message Service and TWX revenues from monthly and miscellaneous charges, service connections, move and change charges, are apportioned between state and interstate operations on the basis of the relative number of TWX minutes-of-use in the study area.

(d) All other revenues in this account are assigned to the exchange operation based on their subsidiary record categories or on the basis of analysis and studies.

§ 36.213 Network access service revenues.

(a) *Network Access Revenue - Account 5080.*

(1) This account shall be used by Class A and Class B telecommunications companies to summarize the contents of Accounts 5081 through 5084.

(b) *End User Revenue - Account 5081.*

(1) Revenues in this account are assigned to the interstate operation.

(c) *Switched Access Revenue - Account 5082.*

(1) Revenues in this account are assigned to the interstate operation.

(d) *Special Access Revenue - Account 5083.*

(1) Revenues in this account are assigned to the interstate operation.

(e) *State Access Revenue - Account 5084.*

(1) Revenues in this account are assigned to the state operation.

§ 36.214 Long distance message revenue - Account 5100.

(a) Wideband message service and TWX revenues from monthly and miscellaneous charges, service connections, move and change charges, are apportioned between state and interstate operations on the basis of the relative number of minutes-of-use in the study area.

(b) Long Distance private line service revenues from broadcast program transmission audio services and broadcast program transmission video services are assigned to the interstate operation.