

Appendix 1 – Rules

47 C.F.R. PART 36 APPENDIX	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Appendix</p> <p>Toll Connecting Trunk</p> <p>A general classification of trunks carrying toll traffic and ordinarily extending between a local office and a toll office, except trunks classified as tributary circuits. Examples of toll connecting trunks include toll switching trunks, recording trunks and recording-completing trunks.</p>	X	
<p>Appendix</p> <p>Toll Office</p> <p>A central office used primarily for supervising and switching toll traffic.</p>	X	
<p>Appendix</p> <p>Traffic Over First Routes</p> <p>A term applied to the routing of traffic and denoting routing via principal route for traffic between any two points as distinguished from alternate routes for such traffic</p>	X	
<p>Appendix</p> <p>Operator System</p> <p>A stored program electronic system associated with one or more toll switching systems which provides centralized traffic service position functions for several local offices at one location.</p>	X	
<p>Appendix</p> <p>Tributary Circuit</p> <p>A circuit between a tributary office and a toll switchboard or intertoll dialing equipment in a toll center city.</p>	X	
<p>Appendix</p> <p>Tributary Office</p> <p>A local office which is located outside the exchange in which a toll center is located, which has a different rate center from its toll center and which usually tickets and times only a part of its originating toll traffic, but which may ticket or time all or none, of such traffic. The toll center handles all outward traffic not ticketed and timed at the tributary and normally switches all inward toll traffic from outside the tributary's toll center to the tributary. Tributary offices are indicated as such in the Toll Rate and Route Guide.</p>	X	

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	For-bear	No Action (Does not apply to BST today)
<p>Appendix</p> <p>Trunks</p> <p>Circuit between switchboards or other switching equipment, as distinguished from circuits which extend between central office switching equipment and information origination/termination equipment.</p>	X	
<p>Appendix</p> <p>TSPS Complex</p> <p>All groups of operator positions, wherever located, associated with the same TSPS stored program control units.</p>	X	
<p>Appendix</p> <p>TWX</p> <p>Teletypewriter Exchange Service.</p>	X	
<p>Appendix</p> <p>TWX Connection</p> <p>A completed TWX call, i.e., a call on which a TWX communication was passed between the calling and called stations</p>	X	
<p>Appendix</p> <p>TWX Connection-Minute-Kilometers</p> <p>The product of (a) the number of TWX connections, (b) the average minutes per TWX connection and (c) the average route kilometers of circuits involved.</p>	X	
<p>Appendix</p> <p>TWX Switching Plant Trunks</p> <p>Interexchange circuits, excluding remote access lines, which handle 100 word per minute TWX traffic only.</p>	X	
<p>Appendix</p> <p>Weighted Standard Work Second</p> <p>A measurement of traffic operating work which is used to express the relative time required to handle the various kinds of calls or work functions, and which is weighted to reflect appropriate degrees of waiting to serve time.</p>	X	

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47 C.F.R. PART 36 APPENDIX	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Appendix</p> <p>Wide Area Telephone Service WATS</p> <p>A toll service offering for customer dial type telecommunications between a given customer station and stations within specified geographic rate areas employing a single access line between the customer location and the serving central office. Each access line may be arranged for either outward (OUT-WATS) or inward (IN-WATS) service or both.</p>	X	
<p>Appendix</p> <p>Wideband Channel</p> <p>A communication channel of a bandwidth equivalent to twelve or more voice grade channels.</p>	X	
<p>Appendix</p> <p>Working Loop</p> <p>A revenue producing pair of wires, or its equivalent, between a customer's station and the central office from which the station is served.</p>	X	
<p>Appendix</p> <p>[52 FR 17229, May 6, 1987, as amended at 53 FR 33012, Aug. 29, 1988; 53 FR 39095, Oct. 5, 1989; 58 FR 44905, Aug. 25, 1993]</p>		

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PART 43 – Reports of Communication Common Carriers and Certain Affiliates

47 C.F.R. PART 43 (Selected Rules)	Action Requested	
	For-bear	No Action
<p>Sec. 43.21 Transactions with affiliates.</p> <p>(a) Communication common carriers having annual operating revenues in excess of the indexed revenue threshold, as defined in Sec. 32.9000, and certain companies (as indicated in paragraph (b) of this section) directly or indirectly controlling such carriers shall file with the Commission annual reports or an annual letter as provided in this section. Except as provided in paragraph (b) of this section, each annual report required by this section shall be filed no later than April 1 of each year, covering the preceding calendar year. It shall be filed on the appropriate report form prescribed by the Commission (see Sec. 1.785 of this chapter) and shall contain full and specific answers to all questions propounded and information requested in the currently effective report forms. The number of copies to be filed shall be specified in the applicable report form. At least one copy of this report shall be signed on the signature page by the responsible accounting officer. A copy of each annual report shall be as retained in the principal office of the respondent and shall be filed in such manner to be readily available for reference and inspection.</p> <p>(b) Each company, not itself a communication common carrier, that directly or indirectly controls any communication common carrier that has annual operating revenues equal to or above the indexed revenue threshold, as defined in Sec. 32.9000, shall file annually with the Commission, not later than the date prescribed by the Securities and Exchange Commission for its purposes, two complete copies of any annual report Forms 10-K (or any superseding form) filed with that Commission.</p> <p>(c) Each miscellaneous common carrier (as defined by Sec. 21.2 of this chapter) with operating revenues for a calendar year in excess of the indexed revenue threshold, as defined in Sec. 32.9000, shall file with the Common Carrier Bureau Chief a letter showing its operating revenues for that year and the value of its total communications plant at the end of that year. This letter must be filed no later than April 1 of the following year. Those miscellaneous common carriers with annual operating revenues that equal or surpass the indexed revenue threshold for the first time may file the letter up to one month after publication of the adjusted revenue threshold in the Federal Register, but in no event shall such carriers be required to file the letter prior to April 1.</p> <p>(d) Each communications common carrier required by order to file a manual allocating its costs between regulated and nonregulated operations shall file, on or before April 1:</p> <p>(1) A three-year forecast of regulated and nonregulated use of network plant for the current calendar year and the two calendar years following, and investment pool projections and allocations for the current calendar year; and</p> <p>(2) A report of the actual use of network plant investment for the prior calendar year.</p> <p>(e) Each incumbent local exchange carrier, except mid-sized incumbent local exchange carriers, as defined by Sec. 32.9000 with annual operating revenues equal to or above the indexed revenue threshold shall file, no later than April 1 of each year:</p> <p>(1) Its revenues, expenses and investment for all accounts established in part 32 of this chapter, on an operating company basis,</p> <p>(2) The same part 32 of this chapter, on a study area basis, with data for regulated and nonregulated operations for those accounts which are related to the carrier's revenue requirement, and</p> <p>(3) The separations categories on a study area basis, with each category further divided into access elements and a nonaccess interstate category.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>

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47 C.F.R. PART 43 (Selected Rules)	Action Requested	
	For-bear	No Action
<p>Sec. 43.21 Transactions with affiliates.</p> <p>(f) Each incumbent local exchange carrier with operating revenues for the preceding year that equal or exceed the indexed revenue threshold shall file, no later than April 1 of each year, a report showing for the previous calendar year its revenues, expenses, taxes, plant in service, other investment and depreciation reserves, and other such data as are required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: State and interstate, and the interstate will be further divided into common line, traffic sensitive access, special access, and nonaccess.</p> <p>(g) Each incumbent local exchange carrier for whom price cap regulation is mandatory and every incumbent local exchange carrier that elects to be covered by the price cap rules shall file, by April 1 of each year, a report designed to capture trends in service quality under price cap regulation. The report shall contain data relative to network measures of service quality, as defined by the Wireline Competition Bureau, from the previous calendar year on a study area basis.</p> <p>(h) Each incumbent local exchange carrier for whom price cap regulation is mandatory shall file, by April 1 of each year, a report designed to capture trends in service quality under price cap regulation. The report shall contain data relative to customer measures of service quality, as defined by the Wireline Competition Bureau, from the previous calendar year a study area basis.</p> <p>(i) Each incumbent local exchange carrier for whom price regulation is mandatory shall file, by April 1 of each year, a report containing data from the previous calendar year on a study area basis that are designed to capture trends in telephone industry infrastructure development under price cap regulation.</p> <p>(j) Each incumbent local exchange carrier with annual operating revenues that equal or exceed the indexed revenue threshold shall file, no later than April 1 of each year, a report containing data from the previous calendar year on an operating company basis. Such report shall combine statistical data designed to monitor network growth, usage, and reliability.</p> <p>(k) Each designated interstate carrier with operating revenues for the preceding year that equal or exceed the indexed revenue threshold shall file, no later than April 1 of each year, a report showing for the previous calendar year its revenues, expenses, taxes, plant in service, other investments and depreciation reserves, and such other data as are required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: State and interstate, and the interstate will be further divided into common line, traffic sensitive access, special access, and nonaccess.</p> <p>[28 FR 13214, Dec. 5, 1963, as amended at 49 FR 10122, Mar. 19, 1984; 50 FR 41153, Oct. 9, 1985; 51 FR 37024, Oct. 17, 1986; 52 FR 35918, Sept. 24, 1987; 58 FR 36143, July 6, 1993; 61 FR 50245, Sept. 25, 1996; 62 FR 39778, July 24, 1997; 67 FR 5700, Feb. 6, 2002; 67 FR 13225, Mar. 21, 2002]</p>		<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>

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PART 64 – Miscellaneous Rules Relating to Common Carriers
 Subpart I – Allocation of Costs

47 C.F.R. PART 64 SUBPART I	Action Requested	
	For- bear	No Action (Does not apply to BST today)
Subpart I --Allocation of Costs.		
Sec. 64.901 Allocation of costs.		
(a) Carriers required to separate their regulated costs from nonregulated costs shall use the attributable cost method of cost allocation for such purpose.	X	
(b) In assigning or allocating costs to regulated and nonregulated activities, carriers shall follow the principles described herein.	X	
(1) Tariffed services provided to a nonregulated activity will be charged to the nonregulated activity at the tariffed rates and credited to the regulated revenue account for that service. Nontariffed services, offered pursuant to a section 252(e) agreement, provided to a nonregulated activity will be charged to the nonregulated activity at the amount set forth in the applicable interconnection agreement approved by a state commission pursuant to section 252(e) and credited to the regulated revenue account for that service.		
(2) Costs shall be directly assigned to either regulated or nonregulated activities whenever possible.		
(3) Costs which cannot be directly assigned to either regulated or nonregulated activities will be described as common costs. Common costs shall be grouped into homogeneous cost categories designed to facilitate the proper allocation of costs between a carrier's regulated and nonregulated activities. Each cost category shall be allocated between regulated and nonregulated activities in accordance with the following hierarchy:		
(i) Whenever possible, common cost categories are to be allocated based upon direct analysis of the origin of the cost themselves.		
(ii) When direct analysis is not possible, common cost categories shall be allocated based upon an indirect, cost-causative linkage to another cost category (or group of cost categories) for which a direct assignment or allocation is available.		
(iii) When neither direct nor indirect measures of cost allocation can be found, the cost category shall be allocated based upon a general allocator computed by using the ratio of all expenses directly assigned or attributed to regulated and nonregulated activities.		
(4) The allocation of central office equipment and outside plant investment costs between regulated and nonregulated activities shall be based upon the relative regulated and nonregulated usage of the investment during the calendar year when nonregulated usage is greatest in comparison to regulated usage during the three calendar years beginning with the calendar year during which the investment usage forecast is filed.		
(c) A telecommunications carrier may not use services that are not competitive to subsidize services subject to competition. Services included in the definition of universal service shall bear no more than a reasonable share of the joint and common costs of facilities used to provide those services.	X	
[52 FR 6560, Mar. 4, 1987, as amended at 52 FR 39534, Oct. 22, 1987; 54 FR 49762, Dec. 1, 1989; 62 FR 45588, Aug. 28, 1997; 67 FR 5702, Feb. 6, 2002]		

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47 C.F.R. PART 64 SUBPART I	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart I--Allocation of Costs.</p> <p>Sec. 64.904 Independent audits.</p> <p>(a) Each carrier required to file a cost allocation manual shall elect to either have an attest engagement performed by an independent auditor every two years, covering the prior two year period, or have a financial audit performed by an independent auditor every two years, covering the prior two year period. In either case, the initial engagement shall be performed in the calendar year after the carrier is first required to file a cost allocation manual.</p> <p>(b) The attest engagement shall be an examination engagement and shall provide a written communication that expresses an opinion that the systems, processes, and procedures applied by the carrier to generate the results reported pursuant to Sec. 43.21(e)(2) of this chapter comply with the Commission's Joint Cost Orders issued in conjunction with CC Docket No. 86-111, the Commission's Accounting Safeguards proceeding in CC Docket No. 96-150, and the Commission's rules and regulations including Sec. Sec. 32.23 and 32.27 of this chapter, and Sec. 64.901, and Sec. 64.903 in force as of the date of the auditor's report. At least 30 days prior to beginning the attestation engagement, the independent auditors shall provide the Commission with the audit program. The attest engagement shall be conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, except as otherwise directed by the Chief, Enforcement Bureau.</p> <p>(c) The biennial financial audit shall provide a positive opinion on whether the applicable date shown in the carrier's annual report required by Sec. 43.21(e)(2) of this chapter present fairly, in all material respects, the information of the Commission's Joint Cost Orders issued in conjunction with CC Docket No. 86-111, the Commission's Accounting Safeguards proceeding in CC Docket No. 96-150, and the Commission's rules and regulations including Sec. Sec. 32.23 and 32.27 of this chapter, and Sec. 64.901, and Sec. 64.903 in force as of the date of the auditor's report. The audit shall be conducted in accordance with generally accepted auditing standards, except as otherwise directed by the Chief, Enforcement Bureau. The report of the independent auditor shall be filed at the time that the carrier files the annual reports required by Sec. 43.21(e)(2) of this chapter.</p> <p>[67 FR 5702, Feb. 6, 2002, as amended at 67 FR 13229, Mar. 21, 2002]</p>	X	
<p>Subpart I--Allocation of Costs.</p> <p>Sec. 64.905 Annual certification.</p> <p>A mid-sized incumbent local exchange carrier, as defined in Sec. 32.9000 of this chapter, shall file a certification with the Commission stating that it is complying with Sec. 64.901. The certification must be signed, under oath, by an officer of the mid-sized incumbent LEC, and filed with the Commission on an annual basis at the time that the mid-sized incumbent LEC files the annual reports required by Sec. 43.21(e)(2) of this chapter.</p> <p>[67 FR 5702, Feb. 6, 2002]</p>		X

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PART 65 – Interstate Rate of Return Prescription Procedures and Methodologies
Subpart E – Rate of Return Reports

47 C.F.R. PART 65 SUBPART E	Action Requested	
	For- bear	No Action (Does not apply to BST today)
<p>Subpart E--Rate of Return Reports</p> <p>Sec. 65.600 Rate of return reports.</p> <p>(a) Subpart E shall apply to those interstate communications common carriers and exchange carriers that are so designated by Commission order.</p> <p>(b) Each local exchange carrier or group of affiliated carriers which is not subject to Sec. Sec. 61.41 through 61.49 of this chapter and which has filed individual access tariffs during the preceding enforcement period shall file with the Commission within three (3) months after the end of each calendar year, an annual rate of return monitoring report which shall be the enforcement period report. Reports shall be filed on the appropriate report form prescribed by the Commission (see Sec. 1.795 of this chapter) and shall provide full and specific answers to all questions propounded and information requested in the currently effective report form. The number of copies to be filed shall be specified in the applicable report form. At least one copy of the report shall be signed on the signature page by the responsible officer. A copy of each report shall be retained in the principal office of the respondent and shall be filed in such a manner as to be readily available for reference and inspection. Final adjustments to the enforcement period report shall be made by September 30 of the year following the enforcement period to ensure that any refunds can be properly reflected in an annual access filing.</p> <p>(c) Each interexchange carrier subject to Sec. Sec. 61.41 through 61.49 shall file with the Commission, within three (3) months after the end of each calendar year, the total interstate rate of return for that year for all interstate services subject to regulation by the Commission. Each such filing shall include a report of the total revenues, total expenses and taxes, operating income, and the rate base. A copy of the filing shall be retained in the principal office of the respondent and shall be filed in such manner as to be readily available for reference and inspection.</p>	X	X

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47 C.F.R. PART 65 SUBPART E	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart E--Rate of Return Reports</p> <p>Sec. 65.600 Rate of return reports (continued).</p> <p>(d)(1) Each local exchange carrier or group of affiliated carriers subject to Sec. Sec. 61.41 through 61.49 of this chapter shall file with the Commission within three (3) months after the end of each calendar year a report of its total interstate rate of return for that year. Such filings shall include a report of the total revenues, total expenses and taxes, operating income, and the rate base. Reports shall be filed on the appropriate form prescribed by the Commission (see Sec. 1.795 of this chapter) and shall provide full and specific answers to all questions propounded and information requested in the currently effective form. The number of copies to be filed shall be specified in the applicable report form. At least one copy of the report shall be retained in the principal office of the respondent and shall be filed in such manner as to be readily available for reference and inspection.</p> <p>(2) Each local exchange carrier or group of affiliated carriers subject to Sec. Sec. 61.41 through 61.49 of this chapter shall file with the Commission within fifteen (15) months after the end of each calendar year a report reflecting any corrections or modifications to the report filed pursuant to paragraph (d)(1) of this section. Reports shall be filed on the appropriate form prescribed by the Commission (see Sec. 1.795 of this chapter) and shall provide full and specific answers to all questions propounded and information requested in the currently effective form. The number of copies to be filed shall be specified in the applicable report form. At least one copy of the report shall be retained in the principal office of the respondent and shall be filed in such manner as to be readily available for reference and inspection.</p> <p>[52 FR 274, Jan. 5, 1987, as amended at 54 FR 19844, May 8, 1989; 55 FR 42385, Oct. 19, 1990; 56 FR 21617, May 10, 1991; 62 FR 5166, Feb. 4, 1997]</p>	<p>X</p> <p>X</p>	

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PART 69– Access Charges

Subpart D– Apportionment of Net Investment

47 C.F.R. PART 69 SUBPART D	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart D--Apportionment of Net Investment Sec. 69.301 General.</p> <p>(a) For purposes of computing annual revenue requirements for access elements net investment as defined in Sec. 69.2 (z) shall be apportioned among the interexchange category, the billing and collection category and access elements as provided in this subpart. For purposes of this subpart, local transport includes five elements: entrance facilities, direct-trunked transport, tandem-switched transport, dedicated signaling transport, and the interconnection charge. Expenses shall be apportioned as provided in subpart E of this part.</p> <p>(b) The End User Common Line and Carrier Common Line elements shall be combined for purposes of this subpart and subpart E of this part. Those elements shall be described collectively as the Common Line element. The Common Line element revenue requirement shall be segregated in accordance with subpart F of this part.</p> <p>[52 FR 37312, Oct. 6, 1987, as amended at 57 FR 54722, Nov. 20, 1992]</p>	X	
<p>Subpart D--Apportionment of Net Investment Sec. 69.302 Net investment.</p> <p>(a) Investment in Accounts 2001, 1220 and Class B Rural Telephone Bank Stock booked in Account 1410 shall be apportioned among the interexchange category, billing and collection category and appropriate access elements as provided in Sec. Sec. 69.303 through 69.309.</p> <p>(b) Investment in Accounts 2002, 2003 and to the extent such inclusions are allowed by this Commission, Account 2005 shall be apportioned on the basis of the total investment in Account 2001, Telecommunications Plant in Service.</p> <p>[52 FR 37312, Oct. 6, 1987, as amended at 54 FR 3456, Jan. 24, 1989; 67 FR 5703, Feb. 6, 2002]</p>	X X	
<p>Subpart D--Apportionment of Net Investment Sec. 69.303 Information origination/termination equipment (IOT).</p> <p>Investment in all other IOT shall be apportioned between the Special Access and Common Line elements on the basis of the relative number of equivalent lines in use, as provided herein. Each interstate or foreign Special Access Line, excluding lines designated in Sec. 69.115(e), shall be counted as one or more equivalent lines where channels are of higher than voice bandwidth, and the number of equivalent lines shall equal the number of voice capacity analog or digital channels to which the higher capacity is equivalent. Local exchange subscriber lines shall be multiplied by the interstate Subscriber Plant Factor to determine the number of equivalent local exchange subscriber lines.</p> <p>[52 FR 37312, Oct. 6, 1987, as amended at 62 FR 31938, June 11, 1997]</p>	X	

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47 C.F.R. PART 69 SUBPART D	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart D--Apportionment of Net Investment Sec. 69.306 Central office equipment (COE).</p> <p>(a) The Separations Manual categories shall be used for purposes of apportioning investment in such equipment except that any Central office equipment attributable to local transport shall be assigned to the Transport elements.</p> <p>(b) COE Category 1 (Operator Systems Equipment) shall be apportioned among the interexchange category and the access elements as follows: Category 1 that is used for intercept services shall be assigned to the Local Switching element. Category 1 that is used for directory assistance shall be assigned to the Information element. Category 1 other than service observation boards that is not assigned to the Information element and is not used for intercept services shall be assigned to the interexchange category. Service observation boards shall be apportioned among the interexchange category, and the Information and Transport access elements based on the remaining combined investment in COE Category 1, Category 2 and Category 3.</p> <p>(c) COE Category 2 (Tandem Switching Equipment) that is deemed to be exchange equipment for purposes of the Modification of Final Judgment in United States v. Western Electric Co. shall be assigned to the tandem switching charge subelement and the interconnection charge element. COE Category 2 which is associated with the signal transfer point function shall be assigned to the local switching category. COE Category 2 which is used to provide transmission facilities between the local exchange carrier's signalling transfer point and the database shall be assigned to the Line Information Database subelement at Sec. 69.120(a). All other COE Category 2 shall be assigned to the interexchange category.</p> <p>(d) COE Category 3 (Local Switching Equipment) shall be assigned to the Local Switching element except as provided in paragraph (a) of this section; and that, (1) For telephone companies subject to price cap regulation set forth in part 61 of this chapter, line-side port costs shall be assigned to the Common Line rate element; and (2) Beginning January 1, 2002, for non-price cap local exchange carriers, line-side port costs shall be assigned to the Common Line rate element. Such amount shall be determined after any local switching support has been removed from the interstate Local Switching revenue requirement. Non-price cap local exchange carriers may use thirty percent of the interstate Local Switching revenue requirement, minus any local switching support, as a proxy for allocating line port costs to the Common Line category.</p> <p>(e) COE Category 4 (Circuit Equipment) shall be apportioned among the interexchange category and the Common Line, Transport, and Special Access elements. COE Category 4 shall be apportioned in the same proportions as the associated Cable and Wireless Facilities; except that any DS1/voice-grade multiplexer investment associated with analog local switches and assigned to the local transport category by this section shall be reallocated to the local switching category.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	
<p>[52 FR 37312, Oct. 6, 1987, as amended at 57 FR 54722, Nov. 20, 1992; 58 FR 30995, May 28, 1993; 62 FR 31938, June 11, 1997; 66 FR 59732, Nov. 30, 2001]</p>		

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47 C.F.R. PART 69 SUBPART D	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart --Apportionment of Net Investment Sec. 69.307 General support facilities.</p> <p>(a) General purpose computer investment used in the provision of the Line Information Database sub-element at Sec. 69.120(b) shall be assigned to that sub-element.</p> <p>(b) General purpose computer investment used in the provision of the billing name and address element at Sec. 69.128 shall be assigned to that element.</p> <p>(c)(1) Until June 30, 2002, for all local exchange carriers not subject to price cap regulation and for other carriers that acquire all of the billing and collection services that they provide to interexchange carriers from unregulated affiliates through affiliate transactions, from unaffiliated third parties, or from both of these sources, all other General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.</p> <p>(2) Beginning July 1, 2002, for all local exchange carriers that acquire all of the billing and collection services that they provide to interexchange carriers from unregulated affiliates through affiliate transactions, from unaffiliated third parties, or from both of these sources, all other General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.</p> <p>(d) For local exchange carriers subject to price cap regulation and not covered by Section 69.307(c), a portion of General purpose computer investment (Account 2124), investment in Land (Account 2111), Buildings (Account 2121), and Office equipment (Account 2123) shall be apportioned to the billing and collection category on the basis of the Big Three Expense Factors allocator, defined in Section 69.2 of this Part, modified to exclude expenses that are apportioned on the basis of allocators that include General Support Facilities investment. The remaining portion of investment in these four accounts together with all other General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access Elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.</p> <p>(e) Beginning July 1, 2002, for non-price cap local exchange carriers not covered by Sec. 69.307(c)(2), a portion of General purpose computer investment shall be apportioned to the billing and collection category on the basis of the Big Three Expense Factors allocator, defined in Sec. 69.2, modified to exclude expenses that are apportioned on the basis of allocators that include General Support Facilities investment. The remaining General Support Facilities investments shall be apportioned among the interexchange category, the billing and collection category, and Common Line, Local Switching, Information, Transport, and Special Access Elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.</p> <p>[58 FR 30995, May 28, 1993, as amended at 58 FR 36145, July 6, 1993; 62 FR 31939, June 11, 1997; 62 FR 40464, July 29, 1997; 62 FR 65622, Dec. 15, 1997; 66 FR 59732, Nov. 30, 2001]</p>	<p>X</p> <p>X</p> <p></p> <p>X</p> <p></p> <p></p>	<p></p> <p></p> <p>X</p> <p></p> <p></p> <p>X</p>
<p>Subpart D--Apportionment of Net Investment Sec. 69.308 [Reserved]</p>		X

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47 C.F.R. PART 69 SUBPART D	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart D--Apportionment of Net Investment Sec. 69.309 Other investment.</p> <p>Investment that is not apportioned pursuant to Sec. Sec. 69.302 through 69.307 shall be apportioned among the interexchange category, the billing and collection category and access elements in the same proportions as the combined investment that is apportioned pursuant to Sec. Sec. 69.303 through 69.307.</p>	X	
<p>Subpart D--Apportionment of Net Investment Sec. 69.310 Capital leases.</p> <p>Capital Leases in Account 2680 shall be directly assigned to the appropriate interexchange category or access elements consistent with the treatment prescribed for similar plant costs or shall be apportioned in the same manner as Account 2001.</p>	X	

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PART 69– Access Charges

Subpart E– Apportionment of Expenses

47 C.F.R. PART 69 SUBPART E	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart E–Apportionment of Expenses Sec. 69.401 Direct expenses.</p> <p>(a) Plant Specific Operations Expenses in Accounts 6110 and 6120 shall be apportioned among the interexchange category, the billing and collection category and appropriate access elements on the following basis: (1) Account 6110–Apportion on the basis of other investment apportioned pursuant to Sec. 69.309. (2) Account 6120–Apportion on the basis of General and Support Facilities investment pursuant to Sec. 69.307.</p> <p>(b) Plant Specific Operations Expenses in Accounts 6210, 6220, and 6230, shall be apportioned among the interexchange category and access elements on the basis of the apportionment of the investment in Accounts 2210, 2220, and 2230, respectively; provided that any expenses associated with DS1/voice-grade multiplexers, to the extent that they are not associated with an analog tandem switch, assigned to the local transport category by this paragraph shall be reallocated to the local switching category; provided further that any expenses associated with common channel signalling included in Account 6210 shall be assigned to the local transport category.</p> <p>(c) Plant Specific Operations Expenses in Accounts 6310 and 6410 shall be assigned to the appropriate investment category and shall be apportioned among the interexchange category and access elements in the same proportions as the total associated investment.</p> <p>(d) Plant Non Specific Operations Expenses in Accounts 6510 and 6530 shall be apportioned among the interchange category, the billing and collection category, and access elements in the same proportions as the combined investment in COE, IOT, and C&WF apportioned to each element and category.</p> <p>(e) Plant Non Specific Operations Expenses in Account 6540 shall be assigned to the interexchange category.</p> <p>(f) Plant Non Specific Operations Expenses in Account 6560 shall be apportioned among the interexchange category, the billing and collection category, and access elements in the same proportion as the associated investment.</p> <p>(g) Amortization of embedded customer premises wiring investment shall be deemed to be associated with Sec. 69.303(b) IOT investment for purposes of the apportionment described in paragraph (c) of this section.</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	
[52 FR 37313, Oct. 6, 1987, as amended at 62 FR 31939, June 11, 1997]		

Appendix 1 – Rules

47 C.F.R. PART 69 SUBPART E	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart E—Apportionment of Expenses Sec. 69.402 Operating taxes (Account 7200).</p> <p>(a) Federal income taxes, state and local income taxes, and state and local gross receipts or gross earnings taxes that are collected in lieu of a corporate income tax shall be apportioned among the interexchange category, the billing and collection category and all access elements based on the approximate net taxable income on which the tax is levied (positive or negative) applicable to each element and category.</p> <p>(b) All other operating taxes shall be apportioned among the interexchange category, the billing and collection category and all access elements in the same manner as the investment apportioned to each element and category pursuant to Sec. 69.309 Other Investment.</p>	X	
<p>Subpart E—Apportionment of Expenses Sec. 69.403 Marketing expense (Account 6610).</p> <p>Marketing expense shall be apportioned among the interexchange category and all access elements in the same proportions as the combined investment that is apportioned pursuant to Sec. 69.309.</p>	X	
<p>Subpart E—Apportionment of Expenses Sec. 69.404 Telephone operator services expenses in Account 6620.</p> <p>Telephone Operator Services expenses shall be apportioned among the interexchange category, and the Local Switching and Information elements based on the relative number of weighted standard work seconds. For those companies who contract with another company for the provision of these services, the expenses incurred shall be directly assigned among the interexchange category and the Local Switching and Information elements on the basis of the bill rendered for the services provided.</p>	X	
<p>Subpart E—Apportionment of Expenses Sec. 69.405 Published directory expenses in Account 6620.</p> <p>Published Directory expenses shall be assigned to the Information element.</p>	X	

Appendix 1 – Rules

47 C.F.R. PART 69 SUBPART E	Action Requested	
	For- bear	No Action (Does not apply to BST today)
<p>Subpart E--Apportionment of Expenses Sec. 69.406 Local business office expenses in Account 6620.</p> <p>(a) Local business office expenses shall be assigned as follows:</p> <p>(1) End user service order processing expenses attributable to presubscription shall be apportioned among the Common Line, Switching, and Transport elements in the same proportion as the investment apportioned to those elements pursuant to Sec. 69.309.</p> <p>(2) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate private line and special access service shall be assigned to the Special Access element.</p> <p>(3) End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate private line service offered by an interexchange carrier shall be assigned to the billing and collection category.</p> <p>(4) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate message toll service shall be assigned to the interexchange category. End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate message toll service offered by an interexchange carrier shall be assigned to the billing and collection category. End user payment and collection and billing inquiry expenses attributable to End User Common Line access billing shall be assigned to the Common Line element.</p> <p>(5) End user service order processing, payment and collection, and billing inquiry expenses attributable to TWX service shall be assigned to the Special Access element.</p> <p>(6) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to private lines and special access shall be assigned to the Special Access element.</p> <p>(7) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to interstate switched access and message toll, shall be apportioned among the Common Line, Local Switching and Transport elements in the same proportion as the investment apportioned to those elements pursuant to Sec. 69.309.</p> <p>(8) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to billing and collection service shall be assigned to the billing and collection category.</p> <p>[52 FR 37313, Oct. 6, 1987, as amended at 62 FR 31939, June 11, 1997]</p>	X	

Appendix 1 – Rules

47 C.F.R. PART 69 SUBPART E	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart E--Apportionment of Expenses Sec. 69.407 Revenue accounting expenses in Account 6620.</p> <p>(a) Revenue accounting expenses that are attributable to End User Common Line access billings shall be assigned to the Common Line element.</p> <p>(b) Revenue Accounting Expenses that are attributable to carrier's carrier access billing and collecting expense shall be apportioned among all carrier's carrier access elements except the Common Line element. Such expenses shall be apportioned in the same proportion as the combined investment in COE, C&WF and IOT apportioned to those elements.</p> <p>(c) Revenue Accounting Expenses allocated to the interstate jurisdiction that are attributable to the provision of billing name and address information shall be assigned to the Billing Name and Address element.</p> <p>(d) All other Revenue Accounting Expenses shall be assigned to the billing and collection category.</p>	X	
[52 FR 37313, Oct. 6, 1987, as amended at 58 FR 65671, Dec. 16, 1993]		
<p>Subpart E--Apportionment of Expenses Sec. 69.408 All other customer services expenses in Account 6620.</p> <p>All other customer services expenses shall be apportioned among the Interexchange category, the billing and collection category and all access elements based on the combined expenses in Sec. Sec. 69.404 through 69.407.</p>	X	
[52 FR 37313, Oct. 6, 1987, as amended at 54 FR 3456, Jan. 24, 1989]		
<p>Subpart E--Apportionment of Expenses Sec. 69.409 Corporate operations expenses (included in Account 6720).</p> <p>All corporate operations expenses shall be apportioned among the interexchange category, the billing and collection category and all access elements in accordance with the Big 3 Expense Factor as defined in Sec. 69.2(f).</p>	X	
<p>Subpart E--Apportionment of Expenses Sec. 69.411 Other expenses.</p> <p>Except as provided in Sec. Sec. 69.412, 69.413, and 69.414, expenses that are not apportioned pursuant to Sec. Sec. 69.401 through 69.409 shall be apportioned among the interexchange category and all access elements in the same manner as Sec. 69.309 Other investment.</p>	X	
[62 FR 31639, June 11, 1997]		
<p>Subpart E--Apportionment of Expenses Sec. 69.412 Non participating company payments/receipts.</p> <p>For telephone companies that are not association Common Line tariff participants, the payment or receipt of funds described in Sec. 69.612(a) and (b) shall be apportioned, respectively, as an addition to or a deduction from their common line revenue requirement.</p>	X	

Appendix 1 – Rules

47 C.F.R. PART 69 SUBPART E	Action Requested	
	For-bear	No Action (Does not apply to BST today)
<p>Subpart E--Apportionment of Expenses Sec. 69.413 Universal service fund expenses.</p> <p>Expenses allocated to the interstate jurisdiction pursuant to Sec. Sec. 36.631 and 36.641 shall be assigned to the Carrier Common Line Element until March 31, 1989. Beginning April 1, 1989, such expenses shall be assigned to the Universal Service Fund Element.</p>	X	
<p>Subpart E--Apportionment of Expenses Sec. 69.414 Lifeline assistance expenses.</p> <p>Expenses allocated to the interstate jurisdiction pursuant to Sec. 36.741 shall be assigned to the Carrier Common Line element until March 31, 1989. Beginning April 1, 1989, such expenses shall be assigned to the Lifeline Assistance element.</p>	X	
<p>Subpart E--Apportionment of Expenses Sec. 69.415 Reallocation of certain transport expenses.</p> <p>(a) Beginning January 1, 2002, non-price cap local exchange carriers shall reallocate a portion of the costs otherwise assigned to the transport category to the common line, local switching, information, and special access elements.</p> <p>(b) The amount to be reallocated is limited to the total revenues recovered through the interconnection charge assessed pursuant to Sec. 69.124 for the 12-month period ending June 30, 2001.</p> <p>(c) The reallocation of the amount in paragraph (b) of this section shall be based on each access element's projected revenue requirement divided by the total revenue requirement of all the access elements, provided that:</p> <p>(1) Local switching support shall not be included in the local switching category's projected revenue requirement, or in the total projected revenue requirement;</p> <p>(2) A non-price cap local exchange carrier's universal service contribution shall not be included in the numerator or the denominator of the allocation formula;</p> <p>(3) The amount determined in paragraph (b) of this section shall be excluded from the transport revenue requirement and from the total projected revenue requirement for purposes of the allocation calculations; and</p> <p>(4) The common line revenue requirement shall include long term support as provided in Sec. 54.303 of this chapter and, beginning July 1, 2002, shall include Interstate Common Line Support as provided in Sec. 54.901 of this chapter.</p> <p>[66 FR 59733, Nov. 30, 2001]</p>		X X X

Appendix 1 – Rules

SECTION 220 – Accounts, Records and Memoranda

47 U.S.C. § 220(a)(2)	Action Requested	
	For-bear	No Action
<p>Sec. 220. Accounts, records, and memoranda</p> <p>(a) Forms</p> <p>.....</p> <p>(2) The Commission shall, by rule, prescribe a uniform system of accounts for use by telephone companies. Such uniform system shall require that each common carrier shall maintain a system of accounting methods, procedures, and techniques (including accounts and supporting records and memoranda) which shall ensure a proper allocation of all costs to and among telecommunications services, facilities, and products (and to and among classes of such services, facilities, and products) which are developed, manufactured, or offered by such common carrier.</p> <p>.....</p>	X ¹⁵	

¹⁵ The Petition seeks limited forbearance of 47 U.S.C. § 220(a)(2) to the extent that provision contemplates separate accounting for non-regulated costs.

Appendix 2
State Price Cap Rules

State Price Cap Plans

The following Appendix provides summaries of state price regulation plans for each of the states in BellSouth's region. As noted in the Petition, each of these states had the foresight to recognize that ratemaking for intrastate services was better served through the implementation of price regulation.

Over a few years' period in the mid-1990's, each of the states replaced rate-of-return regulation with price cap regulation that is very similar to the price cap plan the Commission implemented for interstate rates.¹ These plans, like the Commission's plan, no longer rely on cost information or rate of return for ratemaking purposes, but instead regulate prices. Thus, state commissions no longer rely on, use, or even need the information that is generated by the rate-of-return rules.²

a. Alabama

Price cap regulation in Alabama is a product of both legislation and Alabama Public Service Commission ("APSC") action. During its 1995 regular session, the Alabama Legislature passed legislation that removed any uncertainty about the APSC's authority to adopt alternatives methods of regulation.³ Subsequently, BellSouth filed its initial price regulation plan ("initial

¹ Currently, just as in the Commission's plan, all of the states in BellSouth's region are under pure price cap plans with no sharing and no LFAM capabilities.

² As noted in summaries below, even though all states in BellSouth's region are under price cap regulation, three states, Kentucky, Louisiana, and Mississippi, still have some intrastate cost reporting requirements. BellSouth, however, can meet these requirements internally without the Commission mandating that BellSouth follow its cost allocation or separations rules. Indeed the information to be filed can be gathered through targeted and specific analysis and the need for a structured process as is required for compliance with Part 64 and Part 36 rules is unnecessary. BellSouth will continue to meet these states' reporting requirements through these internal means.

³ Ala. Code § 37-1-80 (2005).

Appendix 2

plan”), which the APSC approved on September 20, 1995.⁴ The initial plan created three baskets of services – Basic, Non-Basic and Interconnection services; required specific rate reductions over a five-year period; froze certain rates for a specified period; and provided pricing flexibility for Non-Basic services. The plan remained in effect until late 2004.

On December 27, 2004, the Commission approved a new price regulation plan for all providers (“new plan”).⁵ The new plan established a price regulation plan for each type of local exchange carrier (“LEC”) in the state. For BellSouth, the new plan created two types of services, Retail and Interconnection services. The new plan divided BellSouth’s service area into three Tiers. Tier I MSAs are the largest metros in the state; Tier II MSAs are the smaller urban areas; and Tier III encompasses the most rural areas of the state. With only a few exceptions, BellSouth may adjust prices at its discretion for Retail services in the Tier I service area. Prices for Retail services in the Tier II service area can be increased up to 15% for the first two years, 20% in years 3 and 4, and 25% per year thereafter. Prices for Retail services in the Tier III service area can increase up to 5% in the first two years, 10% in years 3 and 4, and 15% per year thereafter.

For BellSouth, the APSC’s order approving the new plan requires that the price for any new or existing service shall equal or exceed its total service long run incremental cost (“TSLRIC”) unless specifically exempted by the APSC, or BellSouth, in good faith and upon APSC approval, prices the service in order to meet the equally low price of a competitor. The

⁴ *Petition of South Central Bell Telephone Company to Restructure its Form of Regulation; All Telephone Companies Operating in Alabama, Generic Hearing on Local Competition; Streamlined Regulation of Interexchange Carrier and Reseller Telecommunications Services; Complaint Filed by AT&T Communications of the South Central States, Inc. Against South Central Bell on April 25, 1995, Docket Nos. 24499, 24472, 24030 & 24865, Report and Order, 1995 Ala. PUC LEXIS 571 (Sept. 1995).*

⁵ *Proposed Revisions to the Price Regulation and Local Competition Plan, Docket No. 28590, Order Approving Alabama Telecommunications Regulation Plan, 2004 Ala. PUC LEXIS 556, 240 P.U.R.4th 271 (Dec. 27, 2004).*