

USOA PART 32 ACCOUNT

ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2341 Large PBX	Direct Cost Pool	Not Applicable	Directly Assigned to Regulated	Not Applicable (Uniformity - cost pool not in use). SNET has no investment in this account.
	Direct Cost Pool	Not Applicable	Directly Assigned to Nonregulated	Not Applicable (Uniformity - cost pool not in use). SNET has no investment in this account.
2351 Public Telephone Terminal Equipment	Not Applicable	Not Applicable	Not Applicable	SNET has no investment in this account.
2362 Other Terminal Equipment	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	SNET rarely uses this cost pool.
2411 Poles	Direct Cost Pool	<b>Cost Pool Equals Account</b>	Directly Assigned to Regulated	
2421 Aerial Cable	Direct Cost Pool	<b>Cost Pool Equals Account</b>	Directly Assigned to Regulated	By special permission from the FCC, SNET records Aerial Wire (Account 2431) with aerial cable in this account.
2422 Underground Cable	Direct Cost Pool	<b>Cost Pool Equals Account</b>	Directly Assigned to Regulated	

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ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2423 Buried Cable	Direct Cost Pool	<b>Cost Pool Equals Account</b>	Directly Assigned to Regulated	
2424 Submarine and Deep Sea Cable	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	SNET does not use submarine cable in the provision of nonregulated activities. Includes prior Accounts 2424 and 2425.
2426 Intra-building Network Cable	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	SNET does not use intra-building network cable in the provision of nonregulated activities.
2431 Aerial Wire	Not Applicable	Not Applicable	Not Applicable	By special permission from the FCC, SNET records its aerial wire investment in Account 2421: Aerial Cable.
2441 Conduit Systems	Direct Cost Pool	<b>Cost Pool Equals Account</b>	Directly Assigned to Regulated	
2681 Capital Leases	Not Applicable	Not Applicable	Not Applicable	SNET does not use this account.
2682 Leasehold Improvements	Operations Leasehold Improvement Cost Pool	Cost Pool Equals Account	Indirectly attributed based on relative value of Operations current month salaries and wages in Accounts 2211 through 2441, 6211 through 6441, and Accounts 6531 through 6623.	

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ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
2690 Intangibles	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	<b>SNET rarely uses this cost pool.</b>
	Network Software Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative regulated and nonregulated investment value of the Central Office Equipment in Accounts 2211 through 2232.	Includes prior Accounts 2690 and 3500.
	General Purpose Computer Software Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative value of Account 6124, General Purpose Computers Expense.	Includes prior Accounts 2690 and 3500.
3100 Accumulated Depreciation	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	SNET rarely uses this cost pool.
	Central Office Equipment Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of Central Office Equipment in Accounts 2211 through 2232.	
	Outside Plant Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of Outside Plant in Accounts 2411 through 2441.	
	General Support Asset Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of General Support Assets in Accounts 2112 through 2124.	
3200 Accumulated Depreciation Held For Future Telecommunications Use	Not Applicable	Not Applicable	Not Applicable	SNET does not use this account.
3410 Accumulated Amortization – Capitalized Leases	Not Applicable	Not Applicable	Not Applicable	

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ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
3420 Accumulated Amortization - Leasehold Improvements	Accumulated Amortization - Buildings Cost Pool	Cost Pool Equals Account	Indirectly attributed based on relative investment value of Account 2682, Leasehold Improvements.	
4040 Customers' Deposits	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	At the present time none of SNET's nonregulated services require customer deposits.
4100 Net Current Deferred Operating Income Taxes	Net Current Deferred Operating Income Taxes Cost Pool	Cost Pool Equals Account	Indirectly attributed based on company current month salaries and wages.	
4300 Other Long-Term Liabilities and Deferred Credits	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	Includes prior Account 4360.
	Pension, Benefits and Other Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	This cost pool is used in ratemaking. Accrued postretirement benefits are to be reflected in the interstate rate base pursuant to CC Docket No. 96-22 released February 20, 1997 (AAD 92-65). Includes prior Account 4310.
	Other Cost Pool	Based on description of accounting codes.	General allocator.	Includes prior Account 4360.
4340 Net Noncurrent Deferred Operating Income Taxes	Plant Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative regulated and nonregulated investment value of Account 2001, Total Plant In Service.	
	Non-Plant Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
4370 Other Jurisdictional Liabilities And Deferred Credits-Net	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Amounts in this account will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary.
5001 - 5230	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Includes prior Accounts 5000-5270.
5280 Nonregulated Operating Revenue	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Nonregulated	
5300 Uncollectible Revenue	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Includes prior Accounts 5301 and 5302.
6112 Motor Vehicle Expense	Direct Assigned Regulated	Not Applicable	Directly Assigned Regulated.	SNET does not have motor vehicle expense which can be directly assigned. Not applicable (Uniformity – Cost Pool not in use).
	Directly Assigned Nonregulated	Not Applicable	Directly Assigned Nonregulated.	SNET does not have motor vehicle expense which can be directly assigned. Not applicable (Uniformity – Cost Pool not in use).
	Common Cost Pool	Cost Pool Equals Account	Indirectly attributed based on relative investment value of the common cost pools (excluding the Distribution Services and Central Office cost pools) in Account 2112.	Represents the remaining expenses after clearances to construction accounts and other plant specific expense accounts.
6113 Aircraft Expense	Not Applicable	Not Applicable	Not Applicable	SNET does not have Aircraft investment.
6114 Tools and Other Work Equipment Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6114 Tools and Other Work Equipment Expense (Cont.)	Tools and Work Equipment Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative value of current month salaries and wages in Accounts 2211 through 2441 and 6211 through 6441.	
6121 Land and Building Expenses	Directly Assigned Regulated	Based on description of accounting codes.	Directly Assigned Regulated	<b>SNET rarely uses this cost pool.</b>
	Directly Assigned Nonregulated	Based on description of accounting codes.	Directly Assigned Nonregulated	
	Operating Rent Cost Pool	Based on description of accounting codes.	Directly attributed to regulated and nonregulated based on analysis of the use of the rented asset.	
	Other Common Expense Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of the common cost pools in Accounts 2111, Land, and 2121, Buildings.	
6122 Furniture and Artworks Expense	Furniture Cost Pool	Cost Pool Equals Account	Indirectly attributed based on company current month salaries and wages.	
6123 Office Equipment Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	
	Office Equipment Cost Pool	Account 6123 balance, less amount assigned to the Direct Cost Pools.	Indirectly attributed based on company current month salaries and wages.	
6124 General Purpose Computers Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	
	Personnel/Communications/Microcomputers Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	

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ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6124 General Purpose Computers Expense (Cont.)	General Computer Support Cost Pool	Account 6124 balance less amounts assigned to other cost pools.	Indirectly attributed based on relative investment value of the common cost pools in Account 2124, General Purpose Computers.	
6211 Nondigital Switching Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Includes prior Accounts 6211 and/or 6215.
6212 Digital Electronic Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	<b>SNET rarely uses this cost pool.</b>
6220 Operator Systems Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6231 Radio Systems Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	<b>SNET rarely uses this account.</b>
6232 Circuit Equipment Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	<b>SNET rarely uses this cost pool.</b>
6311 Station Apparatus Expense	Direct Cost Pool	<b>Cost Pool Equals Account</b>	Directly Assigned to Regulated	
	Direct Cost Pool	Not Applicable	Directly Assigned to Nonregulated	<b>SNET has no costs in this cost pool. Not Applicable (Uniformity - cost pool not in use).</b>

USOA PART 32 ACCOUNT

ACCOUNT TITLE

6311 Station Apparatus  
Expense (Cont.)

COST POOL

Common-No Access/No Trouble  
Found Cost Pool

COST POOL IDENTIFICATION

Not Applicable

COST POOL APPORTIONMENT BASIS

Indirectly attributed to regulated based on 75% of  
the ratio of regulated trouble counts cleared to total  
trouble counts cleared, with the residual assigned to  
nonregulated.

COMMENTS

SNET has no costs in this  
**cost pool**. Not Applicable  
(Uniformity - cost pool not in  
use).

6341 Large Private Branch  
Exchange Expense

Direct Cost Pool

**Cost Pool Equals Account**

Directly Assigned to Regulated

Direct Cost Pool

Not Applicable

Directly Assigned to Nonregulated

SNET has no costs in this **cost  
pool**. Not Applicable  
(Uniformity - cost pool not in  
use).

Common-No Access/No Trouble  
Found Cost Pool

Not Applicable

Indirectly attributed to regulated based on 75% of  
the ratio of regulated trouble counts cleared to total  
trouble counts cleared, with the residual assigned to  
nonregulated.

SNET has no costs in this **cost  
pool**. Not Applicable  
(Uniformity - cost pool not in  
use).

6351 Public Telephone  
Terminal Equipment  
Expense

Not Applicable

Not Applicable

Not Applicable

SNET has no costs in this  
account.

6362 Other Terminal  
Equipment Expense

Direct Cost Pool

Based on description of accounting  
codes.

Directly Assigned to Regulated

This account does not include  
other Terminal Equipment  
Expense associated with Inside  
Wire as this activity is provided  
through a structurally separate  
subsidiary of the Southern New  
England Telecommunications  
Corporation.

Direct Cost Pool

Based on description of accounting  
codes.

Directly Assigned to Nonregulated

**SNET rarely uses this cost  
pool.**

USOA PART 32 ACCOUNT

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6362 Other Terminal Equipment Expense (Cont.)	Common-No Access/No Trouble Found Cost Pool	Not Applicable	Indirectly attributed to regulated based on 75% of the ratio of regulated trouble counts cleared to total trouble counts cleared, with the residual assigned to nonregulated.	This pool is not used by SNET. Not Applicable (Uniformity - cost pool not in use). SNET does have transactions with an affiliate to provide for the installation of inside wire and customer premises equipment. Costs associated with No Access/No Trouble Found are charged to the affiliate based on the 75% formula as stipulated in AAD 92-42.
6411 Poles Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6421 Aerial Cable Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	By special permission from the FCC, SNET records Aerial Wire Expense (Account 6431) in this account.
6422 Underground Cable Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6423 Buried Cable Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6424 Submarine and Deep Sea Cable Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Includes prior Accounts 6424 and/or 6425.
6426 Intrabuilding Network Cable Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6431 Aerial Wire Expense	Not Applicable	Not Applicable	Not Applicable	By special permission from the FCC, SNET records Aerial Wire Expense in Account 6421: Aerial Cable Expense.
6441 Conduit Systems Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6511 Property Held For Future Telecommunications Use Expense	Not Applicable	Not Applicable	Not Applicable	SNET has no costs in this account.
6512 Provisioning Expense	Direct Cost Pool	Based on description of accounting codes	Directly Assigned to Regulated	
	Provisioning Cost Pool	Based on description of accounting codes	Indirectly attributed based on the relative investment value of Account 1220, Inventories.	
6531 Power Expense	Direct Cost Pool	Based on description of accounting codes	Directly Assigned to Regulated	SNET rarely uses this cost pool.
	Power Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of central office equipment in Accounts 2211 through 2232.	
6532 Network Administration Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	

USOA PART 32 ACCOUNT

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6532 Network Administration Expense (Cont.)	Network Administration Support Cost Pool	Based on description of accounting codes.	Directly attributed based on relative value of current month salaries and wages in the cost pools (excluding the Network Administration Support Cost Pool) in Account 6532, Network Administration Expense.	
6533 Testing Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Testing Support Cost Pool	Based on description of accounting codes.	Directly attributed based on relative value of current month salaries and wages in other cost pool in Account 6533, Testing Expense.	
6534 Plant Operations Administration Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	<b>SNET rarely uses this cost pool.</b>
	Supervision and Support Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of current month salaries and wages in Accounts 6211 through 6441.	The balance remaining in Account 6534 after clearance represents indirect supervision and support related to maintenance activities.
	Shared Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of current month salaries and wages in Accounts 2211 through 2690, and 6211 through 6441.	
6535 Engineering Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Engineering - Building Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of Account 2121, Buildings.	

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6535 Engineering Expense (Cont.)	Engineering - Common Function Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative investment value in Accounts 2121, 2211 through 2232 and 2411 through 2441.	
6540 Access Expense	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6561 Depreciation Expense- Telecommunications Plant in Service	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	SNET rarely uses this cost pool.
	Central Office Equipment Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of central office equipment in Account 2211 through 2232.	
	Outside Plant Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of outside plant in Accounts 2411 through 2441.	
	General Support Asset Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of general support assets in Accounts 2112 through 2124.	
6562 Depreciation Expense – Property Held For Future Telecommunications use	Not Applicable	Not Applicable	Not Applicable	SNET has no costs in this account.
6563 Amortization Expense - Tangible	Amortization Tangible Cost Pool	Cost Pool Equals Account	Indirectly attributed based on relative investment value in Account 2682, Leasehold Improvements.	
6564 Amortization Expense - Intangible	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated	SNET rarely uses this cost pool.
	Network Software Amortization Intangible Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of the Network Software investment in Account 2690, Intangibles.	

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

COST POOL

COST POOL IDENTIFICATION

COST POOL APPORTIONMENT BASIS

COMMENTS

6564 Amortization  
Expense – Intangible (Cont.)

General Purpose Computer Software  
Amortization Intangible Cost Pool

Based on description of accounting  
codes.

Indirectly attributed based on relative investment  
value of the General Purpose Computer Software  
investment in Account 2690, Intangibles.

6565 Amortization  
Expense - Other

Not Applicable

Not Applicable

Not Applicable

SNET has no investment in  
Account 2005,  
Telecommunications Plant  
Adjustment.

6611 Product Management  
and Sales

Direct Cost Pool

Based on description of accounting  
codes.

Directly Assigned to Regulated

Includes prior Accounts 6611  
and/or 6612.

Direct Cost Pool

Based on description of accounting  
codes.

Directly Assigned to Nonregulated.

Includes prior Account 6612.  
**SNET rarely uses this cost  
pool.**

Sales Administration Cost Pool

Based on description of accounting  
codes.

Directly attributed based on relative value of related  
current month sales salaries and wages in the Direct  
Cost Pools and the Premises Sales Cost Pool in  
Account 6611, Product Management and Sales.

Includes prior Account 6612.

Product Management and Sales  
Cost Pool

Based on description of accounting  
codes.

Indirectly attributed based on the relative value of  
the directly assigned and attributed telco marketing  
costs in Accounts 6611, 6613, 6623 and 6720.

Includes prior Accounts 6611  
and/or 6612.

Product Management and Sales  
Residual Cost Pool

Based on description of accounting  
codes.

Marketing Allocator.

Includes prior Accounts 6611  
and/or 6612.

6613 Product Advertising

Direct Cost Pool

Based on description of accounting  
codes.

Directly Assigned to Regulated

Product Advertising Cost Pool

Based on description of accounting  
codes.

Indirectly attributed based on the relative value of  
the directly assigned and attributed telco marketing  
costs in Accounts 6611, 6613, 6623 and 6720.

6621 Call Completion  
Services

Direct Cost Pool

Cost Pool Equals Account

Directly Assigned to Regulated

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
6622 Number Services	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	
6623 Customer Services	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated.	<b>SNET rarely uses this cost pool.</b>
	Other Customer Services Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative value of the directly assigned and attributed telco marketing costs in Accounts 6611, 6613, 6623 and 6720.	
6720 General and Administrative	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	Includes prior Accounts <b>6722, 6724, 6725, 6727 and/or 6728.</b>
	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Nonregulated.	<b>Includes prior Account 6724.</b>
	Plant Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of Plant Operations current month salaries and wages in Accounts 2111 through 2441, 6112 through 6441 and 6532 through 6535.	Includes prior Account 6711.
	Customer Services Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of Marketing Operation and Plant Operations current month salaries and wages in Accounts 2111 through 2441, 6112 through 6441, 6532 through 6535, 6611 through 6613, and 6621 through 6623.	Includes prior Account 6711.
	Corporate Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative value of current month salaries and wages in Account 6720 (excluding the Corporate Operations Cost Pool and Planning salaries and wages).	Includes prior Account 6711.
	General and Administrative Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	Includes prior Accounts 6723, 6724, 6726 and/or 6728.
	Marketing Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative value of the directly assigned and attributed telco marketing costs in Accounts 6611, 6613, 6623 and 6720.	Includes prior Accounts 6722 and/or 6724.

USOA PART 32 ACCOUNT  
ACCOUNT TITLE

COST POOL

COST POOL IDENTIFICATION

COST POOL APPORTIONMENT BASIS

COMMENTS

6720 General and Administrative (Cont.)	Information Management Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of the common pools in Account 2124, General Purpose Computer.	Includes prior Account 6724.
	Network/Delivery Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of Accounts 1220 and 2112 through 2682.	Includes prior Account 6726.
	General and Administrative Residual Cost Pool	Based on description of accounting codes.	General allocator.	Includes prior Accounts 6712, 6721, 6722, 6724, 6725, 6727 and/or 6728.
6790 Provision For Uncollectible Notes Receivable	Not Applicable	Not Applicable	Not Applicable	SNET has no costs in this account.
7100 Other Operating Income and Expenses	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	Includes prior Accounts 7110 and/or 7130.
	Other Operating Income and Expense Residual Cost Pool	Based on description of accounting codes.	General Allocator.	Includes prior Accounts 7140 and/or 7160.
7210 Operating Investment Tax Credits - Net	Investment Tax Credit Cost Pool	Cost Pool Equals Account	Indirectly attributed based on the relative regulated and nonregulated investment value of Account 2001, Telecommunications Plant In Service, less Account 2690, Intangibles.	
7220 Operating Federal Income Tax	Federal Income Tax Cost Pool	Cost Pool Equals Account	Directly attributed based on operating book income before income taxes less interest expense.	
7230 Operating State And Local Income Taxes	State and Local Tax Cost Pool	Cost Pool Equals Account	Directly attributed based on operating book income before income taxes less interest expense.	

USOA PART 32 ACCOUNT ACCOUNT TITLE	COST POOL	COST POOL IDENTIFICATION	COST POOL APPORTIONMENT BASIS	COMMENTS
7240 Operating Other Taxes	Property Tax Cost Pool	Based on description of accounting codes.	Indirectly attributed based on the relative regulated and nonregulated investment value of Accounts 2111 through 2682, Account 1220, Inventories, and Account 2002, Property Held for Future Telecommunications Use.	
	Other Taxes Cost Pool	Based on description of accounting codes.	General allocator.	
7250 Provision For Deferred Operating Income Taxes - Net	Deferred Tax Cost Pool	Cost Pool Equals Account	Directly attributed based on operating book income before income taxes less interest expense.	
7300 Non-Operating Income and Expense	Direct Cost Pool	Based on description of accounting codes.	Directly Assigned to Regulated	Amounts in this cost pool will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary. Includes prior Accounts 7320, 7360 and/or 7370.
	Funds for Construction Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative investment value of Account 2003, Telecommunications Plant Under Construction.	Includes prior Account 7340.
	Contributions Cost Pool	Based on description of accounting codes.	General Allocator	Includes prior Account 7370. SNET rarely uses this cost pool.
7500 Interest and Related Items	Debt and Other Interest Cost Pool	Cost Pool Equals Account	Indirectly attributed based on the relative regulated and nonregulated investment value of Account 2001, Telecommunications Plant In Service.	Includes prior Accounts 7510, 7530 and/or 7540.
7600 Extraordinary Items	Not Applicable	Not Applicable	Not Applicable	SNET has no costs in this account. Includes prior Accounts 7610-7640.
7910 Income Effect Of Jurisdictional Ratemaking Differences - Net	Direct Cost Pool	Cost Pool Equals Account	Directly Assigned to Regulated	Amounts in this account will be excluded from ratemaking in the Separations process; thus allocation between regulated and nonregulated is not necessary.

USOA PART 32 ACCOUNT  
ACCOUNT TITLE  
7990 Nonregulated Net  
Income

COST POOL  
Not Applicable

COST POOL IDENTIFICATION  
Not Applicable

COST POOL APPORTIONMENT BASIS  
Not Applicable

COMMENTS  
SNET does not use this  
account.



The Southern New England Telephone Company  
Cost Allocation Manual

SECTION VII

TIME REPORTING PROCEDURES

## TIME REPORTING PROCEDURES

### 7.1 OVERVIEW

This Section identifies and describes the Company's time reporting methods and controls. All employees are subject to one of two time reporting methods - Positive Time Reporting or Exception Time Reporting. Exhibit VII-1 displays the time reporting method generally utilized by the major work groups in the Company. It is the Company's policy to report time in increments of fifteen minutes for the purpose of allocating costs to regulated services and nonregulated activities. Positive Time Reporting and Exception Time Reporting utilize the Company's Accounting Codes. (See Section I - Accounting Classification). The Company's time reporting system also provides the capability to charge time and other costs to nonregulated activities through the use of project numbers.

### 7.2 POSITIVE TIME REPORTING

#### Description

Due to the wide variety of tasks performed, Positive Time Reporting employees segment their work period into distinct activities or functions. The employee must report 100% of time incurred during a day, recording productive and nonproductive time, in increments of fifteen minutes, using Accounting Codes which describe the work activities performed. Employees who use the Company's electronic time reporting system are able to report time in increments of five minutes. Accounting Codes charge the associated costs to regulated organizations, nonregulated activities and affiliates. Employees using Positive Time Reporting are generally those who perform functions related to plant-specific operations or data processing .

#### Processing Flow and Control

Standard time reports are completed by Positive Time Reporting personnel on a daily basis via manual or electronic means. Each of these time reports require supervisory review and sign-off is obtained on timesheets. Additional validation techniques are utilized in the further processing of time within the Company's systems. Examples of such validation techniques include:

- . payroll processing edits to identify unacceptable input;
- . automatic cross-references to the Employee Master File to ensure that time reports are from valid employees;
- . system requirement that labor hours balance to payroll hours before further processing can occur.

These system checks are provided within the payroll and financial systems to support time reporting processes.

### 7.3 EXCEPTION TIME REPORTING

#### Description

This time reporting method is used by employees whose work does not typically deviate from an assigned organization and work functions. Each employee is assigned an Activity Code (AC) and a single Responsibility Code (RC) based upon the employee's work activities and reporting organization. (Section 7.4 describes the apportionment basis supporting Exception Time Reporting.) When an employee's work activities temporarily deviate from those responsibilities designated by activity codes and RC, exceptions are reported so as to charge the appropriate project numbers and ACs. Employees using Exception Time Reporting are generally those who perform functions related to operations support, corporate operations or customer services.

#### Processing Flow and Control

Any exceptions must be reported, in increments of fifteen minutes, on the employee's standard exception timesheet. Supervisory review and approval is obtained prior to processing. Additional validation techniques are utilized in the further processing of time within the Company's systems. Examples of such validation techniques include:

- . payroll processing edits to identify unacceptable input;
- . automatic cross-references to the Employee Master File to ensure that time reports are from valid employees;
- . system requirement that labor hours balance to payroll hours before further processing can occur.

These system checks are provided within the payroll and financial systems to support time reporting processes.

### 7.4 APPORTIONMENT BASE SUPPORTING EXCEPTION TIME REPORTING

The assigned apportionment basis designates predetermined proportions of an employee's time to activity codes. This apportionment is performed for employees whose work does not typically deviate from an assigned organization and work functions. Activity Code assignment is established when an employee is assigned to a new position and is reviewed and updated when an employee is transferred or promoted to a new area. The codes may also be revised due to the addition or deletion of certain work activities within an organization.

### 7.5 NONPRODUCTIVE TIME

Nonproductive time is defined as paid time not directly devoted to an employee's designated work activities. Nonproductive time includes holidays, vacations, breaks, sick time, non-job-specific training, and non-job-specific meetings. All employees are required to report paid absence and other non-job-specific nonproductive time. Such time is apportioned to regulated and nonregulated cost objectives in proportion to the actual distribution of the employee's productive hours.

## 7.6 ENFORCEMENT AND MONITORING OF THE TIME REPORTING PROCESS

In addition to the authorization controls reflected in Sections 7.2, 7.3 and 7.4, the Company utilizes additional control procedures including, but not limited to, the following:

- . Written procedures are in place which ensure accurate time reporting. It is the responsibility of the approving supervisor to ensure that a timesheet is submitted on the appropriate daily or weekly basis. The supervisor must also submit a time report for an employee who is out sick, on vacation, at training or unavailable to submit a report for any other reason. All timesheets are checked for accuracy and signed by the supervisor.
- . A handbook is distributed to and utilized by all management employees to ensure proper charging of time and costs. Updates to reporting codes and procedures are issued on a periodic basis.
- . Approved timesheets are entered into a mechanized time reporting system for additional validation and appropriate data is passed to the payroll and labor distribution systems. Reconciliations are prepared monthly between labor hours paid through the payroll system and labor distribution to USOA-Part 32 accounts.
- . All original Company timesheets are retained on site for a period of one year for audit purposes and in corporate records for three years.
- . Training is provided as necessary and periodic directives are issued to employees to reinforce the importance of accurate and timely time reporting.
- . Weekly, monthly and quarterly reports provide feedback on labor distribution to supervisors.
- . As a normal part of the management process, analyses are performed of estimated versus actual regulated and nonregulated expenditures as well as total charges to nonregulated activities.
- . The Company's time reporting procedures have been periodically audited by internal auditors and are subject to review by independent auditors during the annual financial audit.

TIME REPORTING MATRIXEXCEPTION REPORTING

<u>WORK GROUP</u>	<u>POSITIVE REPORTING</u>	<u>ASSIGNED APPORTIONMENT</u>
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EXECUTIVE

X

OPERATIONS

Network Technology/Planning		X
Network Engineering	X	
Capital Budgets and Engineering Administration		X
Switching Operations	X	
Installation and Maintenance	X	
Engineering and Assignment	X	
Special Services	X	
Outside Network Services	X	
Network Facility Services	X	
Network Support Services	X	
Network Operations Staff	X	
Supervisory and Support		X