

COST POOL IDENTIFICATION (cont.)

Office, Network Operations, Customer Operations and Motor Pools, are populated by matching the function code on the motor vehicle inventory file with the related pool category. This study is performed at least annually.

Selected cost pools in Accounts 2112, Motor Vehicles, use this basis for assigning costs.

Lease Study

This capital lease study is performed at least annually by obtaining the continuing property record report which lists all capital leases and their amounts within a jurisdiction by lease category. These lease categories are then used to populate the associated cost pools in Account 2681, Capital Leases.

Leasehold Improvement Study

This leasehold improvement study is conducted at least annually by obtaining the continuing property record report which lists all leasehold improvements and their amounts within a jurisdiction. These leasehold improvements are then pooled based on their related leased building location code. These leasehold improvement categories are then used to populate the associated cost pools in Account 2682, Leasehold Improvements.

Analysis of Equipment Inventory Records

Analysis of equipment inventory records is performed when an account cannot be disaggregated into homogeneous cost pools using other detailed information. This disaggregation assures maximum direct assignment of costs to regulated services and nonregulated activities.

The equipment inventory records are analyzed in those instances when they help to identify equipment dedicated to either regulated services or nonregulated activities.

Analysis of equipment inventory records is the basis for assigning costs to selected cost pools in the following accounts:

2211 2212 2220 2231 2232 2421 2422 2423 2441

Specific Identification of Equipment in Accounting Records

Specific identification of equipment in accounting records is performed when an entire unit of unique equipment is dedicated solely to regulated or nonregulated activities and can be identified specifically as such in accounting records.

Specific identification of equipment in accounting records is the basis for assigning costs to a selected cost pool in the following account:

2220

COST POOL IDENTIFICATION (cont.)

Cost Pool Equals Account

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

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

1438	3410	6426	7220
1500	3420	6431	7230
2002	4040	6511	7250
2111	4370	6562	7600
2321	5001-5230	6563	7910
2351	5280	6565	7990
2424	6113	6621	
2426	6351	6790	
2431	6411	7210	
	6424		

Account Balance Less Amounts Assigned to the Direct Cost Pools

After determining the directly assigned costs for an account, those costs are removed from the account balance. Then if the remainder of the account is considered homogeneous, it is assigned to a cost pool. The cost pool is then allocated according to its specifications.

A selected cost pool in the following account uses account balance less amounts assigned to the direct cost pools as a basis for assigning costs to pools:

6123

COST POOL IDENTIFICATION (cont.)

Account Balance Less Amount Assigned to Other Cost Pool(s)

This methodology is used when the residual portion of an account is assigned to a single cost pool, after excluding a homogeneous group of costs which are directly assigned or allocated. The exception group of costs will be assigned to a cost pool (or pools) and directly assigned or allocated according to its specifications, while the residual account balance will be directly assigned or allocated, according to its specifications. A selected cost pool in Account 6124 uses account balance less amount assigned to the cost pools as a basis for assigning costs to pools:

Computer Usage

A special study is conducted at least on an annual basis to assign computer costs into several cost causative categories. Computer usage is the basis for developing the cost pools of computer costs which then can be apportioned by direct/indirect measures of causation. For general purpose computer and information management expenses billed to the telcos by the affiliate providing support services, actual computer usage based on the services affiliate billing detail will be used to assign costs to cost pools.

6124 6720

Analysis of Property Records - Nevada

The subsidiary records supporting Automated Attendant Services will be studied at least annually and each item will be assigned to the cost pool based on the nature or expected use of the property item. Account 2212 uses this basis for pooling costs.

Based on Relative Value of Cost Pool(s)

For those expense accounts where relative value of cost pool(s) is specified as the basis of pooling costs, the indicated forecasted pooled investment subset in another related investment cost pool is ratioed to the total investment in the other related investment cost pool. This ratio is applied to the expense associated with the other related investment cost pool, populating the expense cost pool indicated in the related expense account.

Selected cost pools in the following accounts use the relative value of cost pool(s) as a basis for pool assignment:

6211	6231	6421	6423
6212	6232	6422	6441

COST POOL APPORTIONMENT METHOD

This description of the apportionment method section of the Cost Apportionment Table presents the method which a pool is apportioned between regulated and nonregulated activities. Whenever possible, cost pools are established using accounting codes to provide for the direct assignment of costs to regulated services and non regulated activities. When a cost pool cannot be directly assigned, then an allocation must be made. If direct assignments are not available, then direct measures of cost causation are used to make apportionments. Indirect measures of cost causation are used when no direct method exists. Finally, when there are no direct or indirect measures of cost causation available, either a marketing allocator or a general allocator is applied. In some instances direct assignments to regulated or nonregulated occur in an account where a direct cost pool does not exist. This is due to either reconciliation activity at year-end, or exception time reporting in an account where it is not expected. Since these occasions are infrequent and not regularly expected, direct cost pools are not established. The bases for the apportionments in the Cost Apportionment Tables are outlined below. (Please refer to Section VII for sampling apportionment methodology description.)

Assigned to Nonregulated

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

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

1220		6124	6441	6623
2003		6212	6512	6720
2114	2441	6220	6532	7100
2124	2681	6231	6533	7300
2212	2682	6232	6534	
2220	2690	6311	6535	7990
2232	3100	6341	6540	
2311	5280	6351	6561	
2341	5300	6362	6611	
2351	6112	6411	6613	
2362	6122		6621	
2411			6622	

COST POOL APPORTIONMENT METHOD (cont.)

Assigned to Regulated

When a cost pool is identified as incurred exclusively for regulated services, then a direct assignment to regulated is made. Selected cost pools in the following accounts have a direct assignment to regulated services as a basis for allocating costs:

1220	2421	6124	6532
1410	2422	6211	6533
1438	2423	6212	6534
1500	2424	6220	6535
2003	2426	6231	6540
2112	2431	6232	6561
2114	2441	6311	6611
2122	2681	6341	6613
2123	3100	6362	6621
2124	4040	6411	6622
2211	4300	6421	6623
2212	4370	6422	6720
2231	5001-5230	6423	7100
2232	5300	6424	7240
2311	6112	6426	7300
2321	6114	6431	7500
2341	6121	6441	7600
2362	6122	6512	7910
2411	6123	6531	

Peak Forecasted Annual Usage – Logical Channels - Ameritech

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. A logical channel is a unit of measure used to forecast the usage capacity on digital electronic switching equipment. Logical channels represent a manner by which regulated services and nonregulated activities can be differentiated. The apportionment to nonregulated is made by dividing nonregulated logical channels by total logical channels in the peak year. This forecasting process is used to apportion a selected cost pool in Account 2212, Digital Electronic Switching.

COST POOL APPORTIONMENT METHOD (cont.)

Peak Forecasted Annual Usage – Kilosegments – SWBT

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. A Kilosegment is a unit of measure used to forecast the usage capacity on a packet switch. Kilosegments represent a manner by which regulated services and nonregulated activities can be differentiated.

The apportionment to nonregulated is made by dividing nonregulated kilosegments by total kilosegments in the peak year. This forecasting process is used to apportion a selected cost pool in Account 2212.

Peak Forecasted Annual Usage – COE Study – Nevada

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. A call attempt is a unit of measure used to forecast the usage capacity on digital electronic switching equipment. Call attempts represent a manner by which regulated and nonregulated services can be differentiated. The apportionment to nonregulated is made by dividing nonregulated call attempts by total call attempts in the peak year. This forecasting process is used to apportion a selected cost pool in Account 2212, Digital Electronic Switching.

Peak Forecasted Annual Usage – Call Volumes (Messages) – Ameritech

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. Call volumes (messages) is a unit of measure used to forecast the usage capacity on analog and digital electronic switching equipment. Call volumes (messages) represent a manner by which regulated services and nonregulated activities can be differentiated. The apportionment to nonregulated is made by dividing nonregulated call volumes (messages) by total call volumes (messages) in the peak year. This forecasting process is used to apportion selected cost pools in Account 2211, Non-digital Switching and Account 2212, Digital Electronic Switching.

COST POOL APPORTIONMENT METHOD (cont.)

Peak Forecasted Annual Usage - 128-byte segments – Pacific

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. 128-byte segments is a unit of measure used to forecast the usage capacity on a packet switch. 128-byte segments represent a manner by which regulated services and nonregulated activities can be differentiated. The apportionment to nonregulated is made by dividing nonregulated 128-byte segments by total 128-byte segments in the peak year. This forecasting process is used to apportion a selected cost pool in Account 2212, Digital Electronic Switching.

Peak Forecasted Annual Usage – Living Units – SWBT

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. A living unit (e.g., a home or business with a unique billing address) is a unit of measure used to forecast the usage of the internet protocol (IP) network. Living units represent a manner by which services accounted for as regulated and those accounted for as nonregulated can be differentiated. The apportionment to nonregulated is made by dividing the IP-enabled living units subscribing to a nonregulated broadband service by the sum of the IP-enabled living units subscribing to a nonregulated broadband service plus IP-enabled living units subscribing to a regulated narrowband service, in the peak year. This forecast process is used to apportion selected cost pools in the following accounts:

2421 2422 2423

Peak Forecasted Annual Usage - cpu seconds - Pacific

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. Cpu seconds is a unit of measure used to forecast the usage capacity on a digital switch. Cpu seconds represent a manner by which regulated services and nonregulated activities can be differentiated. The apportionment to nonregulated is made by dividing nonregulated cpu seconds by total cpu seconds in the peak year. This forecasting process is used to apportion a selected cost pool in Account 2212, Digital Electronic Switching.

COST POOL APPORTIONMENT METHOD (cont.)

Peak Forecasted Annual Usage – Messages - SWBT

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. Messages is a unit of measure used to forecast the usage capacity on analog and digital electronic switching equipment. Messages represents a manner by which regulated and nonregulated services can be differentiated. The apportionment to nonregulated is made by dividing nonregulated messages by total messages in the peak year. This forecasting process is used to apportion selected cost pools in Account 2211, Non-digital Switching and Account 2212, Digital Electronic Switching.

Peak Forecasted Annual Usage – Call Volumes

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. Call volumes is a unit of measure used to forecast the usage capacity on operator systems. Call volumes represent a manner by which regulated services and nonregulated activities can be differentiated. The apportionment to nonregulated is made by dividing nonregulated call volumes by total call volumes in the peak year. This forecasting process is used to apportion selected cost pools in Account 2220, Operator Systems.

Peak Forecasted Annual Usage – Octets – Ameritech, Pacific and SWBT

Common network investment that is not attributed pursuant to Section 64.901(b)(1) is apportioned to nonregulated on the basis of peak nonregulated relative forecasted annual usage over a three year forecast period. An octet is a unit of measure used to forecast the usage on a portion of the signaling system network. Octets represent a manner by which services accounted for as regulated and those accounted for as nonregulated can be differentiated. The apportionment to nonregulated is made by dividing nonregulated octets by total octets in the peak year. This forecast process is used to apportion selected cost pools in the following accounts:

2212 2231 2232 2422 2423 2441

COST POOL APPORTIONMENT METHOD (cont.)

Relative Value of Current Month Salaries and Wages

For those accounts where relative value of salaries and wages is specified as the basis for apportioning costs between regulated services and nonregulated activities, a nonregulated percentage is developed from the current month salaries and wages in a specified group of accounts. The nonregulated percentage is developed by dividing the nonregulated salaries and wages in the specified accounts by the total salaries and wages in the accounts.

The amount apportioned to nonregulated would be calculated by multiplying the ratio of nonregulated current month salaries and wages to total current month salaries and wages in the specified accounts by the total value of the cost pool. For example, the Station Connections Cost Pool in Account 1220 is apportioned based on the relative value of Station Connections salaries and wages in Accounts 2311 through 2362 and 6311 through 6362. The nonregulated ratio is the total nonregulated salaries and wages in those accounts divided by the total salaries and wages in Accounts 2311 through 2362 and 6311 through 6362. The nonregulated ratio is then multiplied by the costs in the cost pool, and the result is apportioned to nonregulated.

When Accounts 2111 through 2690, Telephone Plant In Service (TPIS), are used as a basis of apportionment, the related accumulated depreciation and amortization included therein and in Accounts 3100 through 3420 and related occurrences in Accounts 2002 through 2005 are also included in the allocator. The inclusion of accumulated depreciation/ amortization and occurrences in 2002 through 2005 are determined on an accounting code by accounting code basis. For example, if the salaries and wages in Account 2212, Accounting Code 377C are the basis of apportionment, then the accumulated depreciation and 2002 through 2005 occurrences related to Accounting Code 377C are also included in the allocator.

Relative value of salaries and wages is used to apportion regulated and nonregulated costs for selected cost pools in the following accounts:

1220	6532	6621
2114	6533	6622
2681	6534	6720
6114	6535	
2682	6611	
6124	6613	

Relative Value of Current Year Salaries and Wages

The relative value of current year salaries and wages allocators are calculated the same as the relative value of current month salaries and wages allocators (see previous explanation). The terminology "current year" is used to be consistent with the Uniformity Order; any portion of current year can be used and still comply with the Order. This CAM uses current month salaries and wages.

2112	2121
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COST POOL APPORTIONMENT METHOD (cont.)

Current (Month) Regulated and Nonregulated Use

Many plant related expenses (Account 6112 through 6565) will incorporate the concept of forward-looking allocation because they will be indirectly allocated on the basis of plant investment which is allocated based on forecasted peak demand. Maintenance expenses, however, and other non-plant related costs, are to be allocated based on current relative regulated and nonregulated use. The amount apportioned to nonregulated would be calculated by dividing the nonregulated current (month, unless other stated) actual use of certain designated shared network investment by the total current (month, unless otherwise indicated) actual use and then applying this ratio to the total value of the cost pool.

The methodology is used as a directly attributed measure of causation for selected cost pools in the following accounts:

6124	6220	6421	6441
6211	6231	6422	6720
6212	6232	6423	

75% of the Ratio of Regulated Trouble Counts Cleared (No Access/ No Trouble Found)

The Uniformity of Accounts established a single cost pool for no access reports and no trouble found reports. Seventy-five percent of the ratio of regulated trouble counts cleared to total trouble counts cleared is calculated. This calculation apportions the Common-No Access/No Trouble Cost Pool in the following accounts:

6311	6341	6362
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Current Regulated and Nonregulated Investment Value

This allocator is used to apportion costs which are deemed to have an indirect relationship with certain types of investment. This allocator functions in the same manner as the "Relative Investment" allocator detailed below which is based on the relationship of nonregulated investment to total investment.

It differs from the "Relative Investment Value" allocator in situations when that allocator is determined by forecasted levels of investment. Many plant related expenses (Account 6112 through 6565) will incorporate the concept of forward-looking allocation because they will be indirectly allocated on the basis of plant investment which is allocated based on forecasted peak demand. Maintenance expenses, however, and other non-plant related costs, are to be allocated based on current relative regulated and nonregulated use. In those situations, the "Current Regulated and Nonregulated Investment Value" allocator uses the actual levels of investment as determined by the "Current Regulated and Nonregulated Use" allocator listed earlier instead of forecasted levels of investment.

COST POOL APPORTIONMENT METHOD (cont.)

The accounts that are allocated with usage data are those listed previously under "Current Regulated and Nonregulated Use."

Current regulated and nonregulated investment values are used to apportion selected cost pools in the following accounts:

1220	2005	2681	4340	7210
2002	2121	2690	6124	7240
2003	2124	4100	6720	7500

Analysis of Use of the Rented Asset

Rented Land and Building Assets are directly attributed to regulated and nonregulated based on analyzing the purpose for which the rented asset is used. For example, rental payments incurred under the terms of the MFJ in connection with network facilities are directly attributed to regulated.

This method of attribution is used to apportion the Operating Rent Cost Pool in Account 6121, Land and Building Expense.

Relative Investment Value

For those accounts where relative investment value is specified as the basis of apportioning costs between regulated services and nonregulated activities, a nonregulated percentage is developed from a specific investment component. The nonregulated percentage is developed by dividing the nonregulated investment in the specified accounts by the total investment in the accounts. Accounts allocated on relative investment provide for an indirect causal apportionment.

The amount apportioned to nonregulated would be calculated by multiplying the ratio of nonregulated investment to total investment by the total value of the cost pool. For example, the Account 6112 Common Cost Pool is apportioned based on the relative investment value of Accounts 2112 and 2114. The nonregulated ratio is the total nonregulated investment amount in those accounts divided by the total amount of investment for Accounts 2112 and 2114. The nonregulated ratio is then multiplied by the costs in the cost pool, and the result is apportioned to nonregulated.

Relative investment value is used to apportion regulated and nonregulated costs for selected cost pools in the following accounts:

2681	6112	6531	6563
3100	6124	6535	6565
3410	6511	6561	6720
3420	6512	6562	7300
			7500

COST POOL APPORTIONMENT METHOD (cont.)

Directly Attributed to Regulated/Nonregulated Based on the Definition of the Cost Pool

The basis for assigning costs to cost pools in Account 2121 Buildings, the Operating Rent Cost Pool in Account 6121, Land and Building Expense and cost pools in Account 2681, Capital Leases and Account 2682, Leasehold Improvements, is by usage studies on the investments. When these cost pools can be identified as exclusively associated with regulated or nonregulated activities, then the total cost pool is assigned to regulated or nonregulated appropriately.

Company Current Month Salaries and Wages

Salaries and wages as determined on a state-by-state basis are used to distinguish regulated services and nonregulated activities for cost pools in the accounts listed below. This indirect attribution uses the ratio of current month regulated services and nonregulated activities previously allocated current month salaries and wages as the basis for the apportionment of selected cost pools.

An apportionment to nonregulated would be made by dividing the previously allocated nonregulated salaries and wages in the 2000, 3000, 6000, and 7000 series of accounts by the previously allocated salaries and wages in the account series.

1410	2124	4340	6623
2122	4100	6113	6720
2123	4300	6124	

Relative Value of Account(s)

For those accounts where a related account/subaccount is specified as the basis of apportioning costs between regulated services and nonregulated activities, a percentage is developed to reflect the proportion of the nonregulated cost component to the total. The percentage is then multiplied by the value of the cost pool to apportion costs to nonregulated. This methodology is used for selected cost pools in the following accounts as it provides for an indirect causal apportionment between the related accounts:

2690	6124	6613	6720
5300	6534	6623	7240

COST POOL APPORTIONMENT METHOD (cont.)

Relative Value of Telco Marketing Costs in Accounts

For those accounts where telco marketing costs are specified as the basis of apportioning costs between regulated services and nonregulated activities, a percentage is developed to reflect the proportion of the directly assigned and attributed nonregulated telco marketing cost component to total directly assigned and attributed telco marketing costs. Telco marketing costs are calculated by summing total directly assigned and attributed marketing costs, less directly assigned and attributed affiliate joint marketing costs, in Accounts 6611, 6613, 6623 and 6720. The nonregulated percentage is then multiplied by the value of the cost pool to apportion costs to nonregulated. This methodology provides an indirect causal apportionment methodology for selected cost pools in the following accounts:

2124 6124 6611 6613 6623 6720

Directory Space - SWBT

The **Directory** Cost Pool's common expenses in the **following accounts** are allocated based on the ratio of the nonregulated business advertising space in each state to the total space in the associated state's White Pages directories:

6124 6622 6720

Tax Allocation-Operating Federal Income Tax, State and Local Income Taxes and Provision for Deferred Operating Income Taxes-Net

The common cost pools in Accounts 7220, 7230 and 7250 are allocated based on operating book income before income taxes less interest expense.

Directory Assistance Call Work Volume Usage

The Operator Systems Directory Assistance Cost Pool's common expenses in Account 6622, Number Services, are allocated based on the ratio of nonregulated call work volumes to total call work volumes.

COST POOL APPORTIONMENT METHOD (cont.)

Analysis of Customer Bills

One month's bills are analyzed to determine the average size of bills (i.e. average pages, inches per page, lines per inch) and also the average number of common lines per bills by state.

Each month, the total number of customers per state are determined from billing reports. Total bill lines are determined by multiplying the number of customers billed by the average size of the bill. The total number of occurrences of billed nonregulated services are obtained from the billing system. It is known how many lines per nonregulated service appear on a bill. By multiplying the nonregulated services billed in a month by state by their respective number of lines, the total number of nonregulated billed lines are calculated each month.

The monthly analysis prepared previously has determined the average number of common lines per bill month per state. By knowing the bills total number of bill lines each month, then subtracting out the common lines and the nonregulated lines, the regulated lines are calculated.

2124	6124	6623	6720
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Relative Value of Cost Pool(s)

The relative value of cost pool(s) is used as a method of apportionment when one cost pool is allocated based on others. An assignment to nonregulated is made by developing the percentage of nonregulated costs in the specified cost pools to total costs in the specified cost pools and applying it to the value of the cost pool to be apportioned.

Selected cost pools in the following accounts are apportioned based on the relative value of cost pools:

2111	6121	6613
2681	6124	6623
2682	6564	6720

COST POOL APPORTIONMENT METHOD (cont.)

Current Month Company Salaries and Wages Excluding Specified Salaries and Wages

Salaries and wages excluding specified salaries and wages as determined on a state-by-state basis are used to distinguish regulated services and nonregulated activities for cost pools in the accounts listed below. This indirect attribution uses the ratio of regulated services and nonregulated activities previously allocated salaries and wages less specified salaries and wages as the basis for the apportionment of selected cost pools.

An apportionment to nonregulated would be made by dividing the previously allocated nonregulated current month salaries and wages in the 2000, 3000, 6000, and 7000 series of accounts less the specified current month salaries and wages identified in the Cost Pool Matrix by the related previously allocated current month salaries and wages.

Cost Pools in the following accounts use this method of apportionment to allocate nonregulated costs:

2121	2681	6122	6124
2124	2682	6123	6720

Trouble Reports

The Subscriber Line Testing Cost Pool in Account 6533, Testing Expense is allocated between regulated services and nonregulated activities based on trouble reports. Trouble reports are identified as either regulated or nonregulated. This ratio of nonregulated trouble reports to total trouble reports is multiplied by expenses in the cost pool and the resulting amount is apportioned to nonregulated.

COST POOL APPORTIONMENT METHOD (cont.)

Marketing Allocator

The marketing allocator is used to apportion cost pools of marketing expenses for which no other cost causative cost apportionment method exists. The marketing allocator is based on directly assigned and attributed marketing costs obtained from selected cost pools containing marketing costs in accounts 6611, 6613, 6623 and 6720, as applicable. (Note: Costs allocated by the general allocator or the marketing allocator cannot be used to create the marketing allocator.)

The marketing allocator is used to apportion marketing expenses in cost pools in the following accounts:

6611

General Allocator

The general allocator apportions cost pools for which no other cost causative cost apportionment method exists.

Accounts which have selected cost pools apportioned using the general allocator include:

2124		7100
4300	6720	7240
6124	6790	7300

COST POOL APPORTIONMENT METHOD (cont.)

Not Applicable (Uniformity – Cost Pool not in use)

Direct cost pools exist in some accounts solely as place holders for the cost pools required per Uniformity. For example, the directly assigned pools in Account 2121, Buildings, are not in use by the Companies. These are accordingly marked "Not Applicable (Uniformity – Cost Pool not in use)."

2111	2121	6112	6341
2112	2311	6311	

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
1220 Inventories	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to regulated.	PB and SWBT rarely use this cost pool.	✓		✓	
	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to nonregulated.	AOCs rarely use this cost pool.	✓	✓	✓	✓
	Central Office Cost Pool	Based on description of accounting codes.	Indirectly attributed based on current regulated and nonregulated investment value of central office equipment in Accounts 2211 through 2232.		✓	✓	✓	✓
	Cable and Wire Facilities Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of Cable and Wire Facilities current month salaries and wages in Accounts 2411 through 2441 and 6411 through 6441.		✓	✓	✓	✓
	Other Inventories Cost Pool	Based on description of accounting codes.	Indirectly attributed based on current regulated and nonregulated investment value of Account 2001, Telecommunications Plant In Service.	The AOCs rarely use this cost pool.	✓	✓	✓	✓
1410 Other Noncurrent Assets	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to regulated.	Includes prior Accounts *1401, *1402, *1407, *1408 and/or 1410. None of the * items are subject to separations. PB and NB rarely use this cost pool.	✓	✓	✓	✓
	Other Noncurrent Assets Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	Includes prior Account 1410.	✓	✓	✓	✓
1438 Deferred Maintenance, Retirements and Other Deferred Charges	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. Includes prior Accounts 1438 and/or 1439.	✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
1500 Other Jurisdictional Assets - 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.	✓	✓	✓	✓
2002 Property Held For Future Telecommunications Use	Common Cost Pool	Cost Pool equals account.	Indirectly attributed based on current regulated and nonregulated investment value of Account 2001, Telecommunications Plant In Service.	AOCs and PB rarely use this account.	✓	✓	✓	✓
2003 Telecommunications Plant Under Construction	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.	Nevada Bell rarely uses this cost pool.	✓	✓	✓	✓
	Common Cost Pool	Based on description of accounting codes.	Indirectly attributed based on current regulated and nonregulated investment value of Accounts 2211 through 2232 and 2411 through 2441.		✓	✓	✓	✓
2005 Telecommunications Plant Adjustment	Not Applicable.	Not Applicable.	Not Applicable.	The Companies do not have any Telecommunications Plant Adjustment investment. Includes prior Accounts 2005 and 3600.	✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2111 Land	Directly Assigned Regulated	Not applicable.	Directly Assigned to Regulated.	Ameritech (AOCs), Nevada Bell (NB), Pacific Bell (PB) and Southwestern Bell (SWBT) (the Companies) do not have land which can be directly assigned. Not applicable (Uniformity - Cost Pool not in use).				
	Directly Assigned Nonregulated	Not applicable.	Directly Assigned to Nonregulated.	The Companies do not have land which can be directly assigned. Not applicable (Uniformity - Cost Pool not in use).				
	Common Cost Pool	Cost Pool equals account.	Indirectly attributed based on the relative value of the common Buildings Cost Pools in Account 2121, Buildings.		✓	✓	✓	✓
2112 Motor Vehicles	Directly Assigned Regulated	Based on description of accounting codes and analysis of motor vehicle records.	Directly Assigned Regulated.	NB rarely uses this cost pool.	✓	✓	✓	✓
	Directly Assigned Nonregulated	Not applicable.	Directly Assigned Nonregulated.	The Companies do not have Motor Vehicles which can be directly assigned to nonregulated. Not applicable (Uniformity - Cost Pool not in use).				
	Central Office Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Central Office current year salaries and wages in Accounts 2210 through 2232 and Accounts 6210 through 6232.		✓	✓	✓	✓
	Distribution Services - Installation and Maintenance Sub-pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Distribution Services current year salaries and wages in Accounts 2310 through 2441, and 6310 through 6441.		✓	✓	✓	✓

USQA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2112 Motor Vehicles (Cont.)	Distribution Services - Construction Sub-pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Cable and Wire Facilities current year salaries and wages in Accounts 2410 through 2441, and 6410 through 6441.		✓	✓	✓	✓
	Network Operations Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Network Operations current year salaries and wages in Accounts 6113 through 6124, and 6510 through 6535.		✓	✓	✓	✓
	Customer Operations Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Customer Services current year salaries and wages in Accounts 6610 through 6623.		✓	✓	✓	✓
	Corporate Operations Cost Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of Corporate Operations current year salaries and wages in Account 6720.		✓	✓	✓	✓
	Motor Pool	Analysis of motor vehicle records.	Indirectly attributed based on relative value of the current year salaries and wages of those employees served by the motor pools.	The Companies rarely use this cost pool.	✓	✓	✓	✓
2113 Aircraft	Not applicable.	Not applicable.	Not applicable.	The Companies do not have any Aircraft investment.				
2114 Tools and Other Work 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.				✓	

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2114 Tools and Other Work Equipment (Cont.)	Other Work Equipment Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of current month salaries and wages in Accounts 2211 through 2441 and 6211 through 6441.	Includes major tool items not provided for in other accounts.	✓	✓	✓	✓
	Special Tools – Distribution Services Cost Pool	Based on description of accounting codes.	Indirectly attributed based on relative value of current month salaries and wages in Accounts 2411 through 2441 and 6411 through 6441.	Specialized tools consisting of heavy construction and cable laying equipment. Ameritech rarely uses this cost pool.	✓	✓	✓	✓
2121 Buildings	Directly Assigned Regulated	Not applicable.	Directly Assigned Regulated.	The Companies do not have buildings which can be directly assigned. Not applicable (Uniformity – Cost Pool not in use).				
	Directly Assigned Nonregulated	Not applicable.	Directly Assigned Nonregulated.	The Companies do not have buildings which can be directly assigned. Not applicable (Uniformity – Cost Pool not in use).				
	Directly Attributed Regulated	Analysis of building use.	Directly attributed to regulated.	Includes portions of buildings which are rented to others.	✓	✓	✓	✓
	Directly Attributed Nonregulated	Analysis of building use.	Directly attributed to nonregulated.	Not applicable (Uniformity – Cost pool not in use).				

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2121 Buildings (Cont.)	Central Office Cost Pool	Analysis of building use.	Indirectly attributed based on current regulated and nonregulated investment value of Central Office equipment in Accounts 2210 through 2232, excluding investment in central office equipment in buildings directly assigned to regulated or nonregulated activities.		✓	✓	✓	✓
	Distribution Services Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Distribution Services current year salaries and wages in Accounts 2310 through 2441, and 6310 through 6441, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.		✓	✓	✓	✓
	Network Operations Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Network Operations current year salaries and wages in Accounts 6110 through 6124 (excluding 6121) and 6510 through 6535, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.		✓	✓	✓	✓
	Customer Operations Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Customer Operations current year salaries and wages in Accounts 6610 through 6623, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.		✓	✓	✓	✓
	Corporate Operations Cost Pool	Analysis of building use.	Indirectly attributed based on relative value of Corporate Operations current year salaries and wages in Account 6720, excluding such salaries and wages associated with personnel who are assigned to buildings that are directly assigned to regulated or nonregulated activities.		✓	✓	✓	✓

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2122 Furniture	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to regulated.		✓			
	Furniture Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.		✓			✓
2123 Office Equipment	Direct Cost Pool	Based on description of accounting codes.	Directly assigned to regulated.		✓			
	Office Equipment Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.	Includes office support equipment and company communications systems.	✓			✓
2124 General Purpose Computers	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.		✓			

USOA Part 32 Accounts	Cost Pool Name	Cost Pool Identification	Cost Pool Apportionment Method	Comments	P	N	S	A
2124 General Purpose Computers (Cont.)	Communications/ Microcomputers Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages.		✓	✓	✓	✓
	General Purpose Operations Cost Pool	Based on description of accounting codes.	Indirectly attributed based on company current month salaries and wages (excluding current month salaries and wages apportioned to affiliate joint marketing).		✓	✓	✓	✓